

Heritage Foods Limited



elevant.  
esilient.  
esponsive.

29<sup>th</sup>

Annual Report | 2020-21

# Contents Inside

## CORPORATE OVERVIEW

# 04

- 04 Guided By a Three-Decade Legacy
- 08 Our Three-Decade Evolution
- 09 A Solidifying Presence
- 10 Our Well-Formulated Portfolio
- 14 Business Model
- 16 Vice-Chairperson & Managing Director's Message
- 20 Message from the Executive Director
- 24 Board of Directors
- 26 Sustaining Our Performance
- 27 10-Year Financial Highlights
- 28 Embedding a Future-Fit Heritage
- 29 Serving Health, Nutrition and Wellness
- 30 Living Up To Societal Value
- 31 Changing the Lives of Farmers
- 32 Aiding Cattle to Deliver More
- 33 Forging Meaningful Partnership
- 34 Maximizing Supply Chain Network
- 36 Our Approach towards ESG
- 38 Safeguarding Employee Resiliency
- 40 Corporate Information

## STATUTORY REPORTS

# 41

- 41 Notice to Members
- 58 Boards' Report
- 101 Management Discussion and Analysis
- 116 Report on Corporate Governance

## FINANCIAL STATEMENTS

# 146

- 146 Standalone Financial Statements
- 206 Consolidated Financial Statements



To view or download this report online, please visit:

[www.heritagefoods.in](http://www.heritagefoods.in)

## In Remembrance



### **Shri Devineni Seetharamaiah**

(April 22, 1926 to July 19, 2020)

With profound grief and sorrow, we share with you the sad demise of our Former Chairperson, Shri Devineni Seetharamaiah, which has been an irreplaceable loss to Heritage Foods Limited.

Being the Director for almost three decades, since 1992, he constantly imbibed the best governance standards with entrepreneurship.

The Board, our employees and the associates of the Company express their deep condolences and pay tribute to a great visionary. We pray for the departed soul to rest in eternal peace.

## Key Metrics

**1.3**

Million Liters  
Per Day

Milk procured  
from farmers

**2.1**

Million Liters  
Per Day

Chilling capacity

**2.7**

Million Liters  
Per Day

Processing capacity

**0.3**

Million

Farmers touched

**1.5**

Million

Households supplied

**6,223**

No. of

Distributors

**858**

No. of

Exclusive Franchise  
Parlours

**12,052**

No. of

Procurement Representatives

**0.7**

Million Kgs  
Per Day

Curd Packaging capacity

**1.7**

Million Liters  
Per Day

Milk Packaging  
capacity

**0.13**

Million

Retail Outlets





# Relevant. Resilient. Responsive.

The year in review was another turbulent and volatile one for the economy and industry. Despite a challenging environment, we anchored ourselves to our purpose and values, and remained deeply focused on anticipating change in consumer trends, and on our purpose of nourishing them in a safe and sustainable manner.

As health and wellness trends continue to drive consumer choices, increasing the demand for active nutrition, we launched **RELEVANT**, differentiated and value-added products. We focused on products that are right for our consumers and for the planet – products that enhance immunity and deliver taste and nutrition to our consumers every day.

We also demonstrated our **RESILIENCE** and ability to consistently respond to consumer needs. By differentiating our business sufficiently, we navigated the industry opportunities and challenges. What also added to our resilience is our unique portfolio, deep industry expertise, distinctive capabilities and footprint, sustainable supply chains and operational excellence.

Understanding and anticipating changes in consumer trends is our core value and central to our strategy. We remained **RESPONSIVE** to rapidly-evolving consumer preferences and maintained a clear focus on nourishing and delighting our consumers. We delivered compelling consumer propositions by satiating their needs for healthier and nutritious foods.

Through our sustainable and scalable business model, we continue to leverage our strategic positioning and competitive market advantages. With this, we laid the foundation that will balance sustainable growth and create long-term value for all stakeholders on a social and environment basis.

# Guided By a Three-Decade Legacy

## We are Heritage Foods Limited

At Heritage Foods Limited, we are engaged in the dairy business of procurement of milk from dairy farmers at village level, and distribution of processed milk and milk products to 1.5 million households across 11 states in India.

We enable this through 858+ parlours and over 32 distribution centers at Hyderabad, Bengaluru and Chennai. By maintaining strong relationship with over 0.3 million dairy farmers in India, we have gained the capacity to process 2.7 million liters of milk per day.

## Unique and strong product portfolio

With 29 years of rich experience, we are well respected for our freshness and purity in dairy products. We have a strong portfolio of dairy products including curd, paneer, butter milk, flavored milk, ice cream, frozen desserts, butter, cream and ghee, aimed at the evolving consumer. We are launching new categories of products regularly with the aim to provide better nutrition to our consumers.

## Keeping pace with consumer behaviors

Consumer habits are changing fast. At Heritage, we keep pace with shifting consumer behaviors and combine our insights to find newer ways of connecting with them. With this, we not only increase the value and relevance of our products, but also leverage our ability to innovate and achieve a competitive edge.

In view of the pandemic situation, click-and-collect and home delivery have been every retailer's business priority. At Heritage, we introduced an e-platform where we provide dairy products to consumers directly at home.



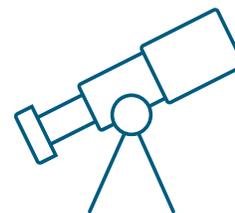
**Key Objective**  
To establish Heritage Foods as a leading company catering to changing consumer tastes.



**Prime Focus**  
On product innovation and creating a strong pipeline of value-added products.



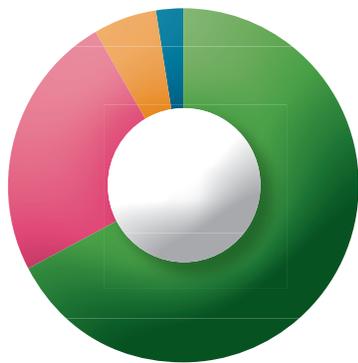
**Newness**  
To introduce, change and modify the products according to consumer demand.



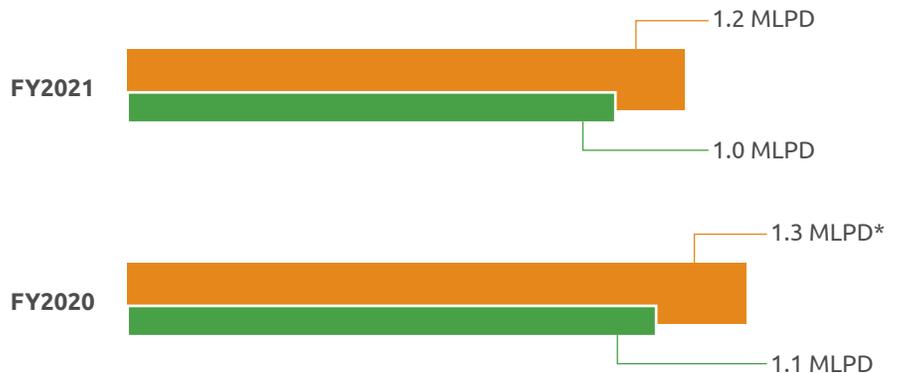
## Vision

Delighting every home with fresh and healthy products and empowering the farmer.

### A diversified and growing portfolio

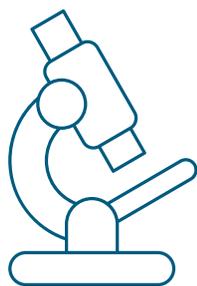


- 67.46% Milk
- 24.21% Value-Added
- 6.04% Fat
- 2.29% Others



- Milk Procured
- Liquid / Milk Sale

\*MLPD- Million Liter per Day

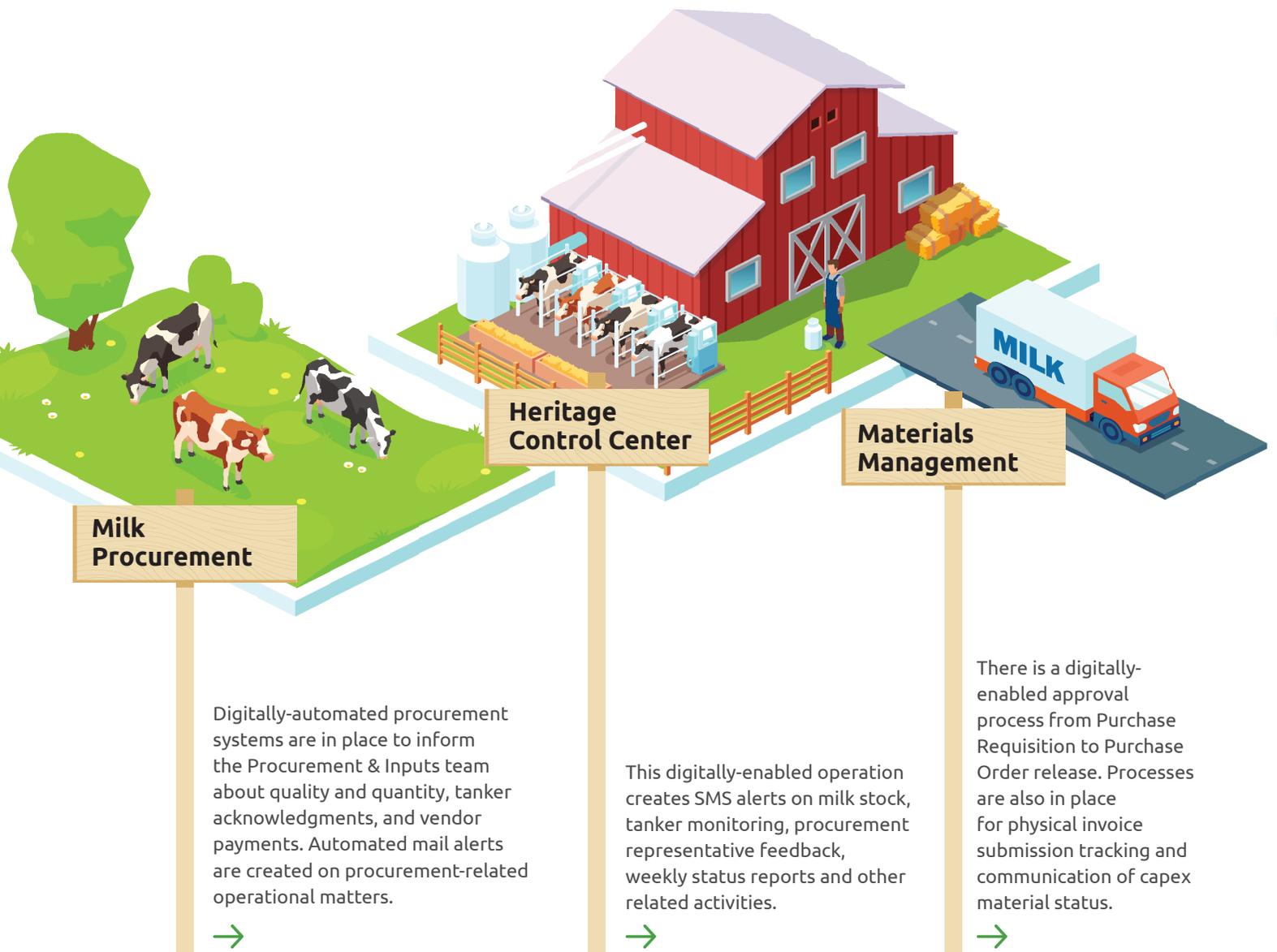


## Research & Development Capabilities

- ▶ 1 Ultra-modern UHT Milk Processing Units at Bayyavaram, Visakhapatnam District, Andhra Pradesh
- ▶ 18 State-of-the-art Milk Processing Plants, 113 Bulk Coolers, 76 Chilling Plants
- ▶ R&D infrastructure that encompasses advanced equipment, stringent quality control, and a dedicated and an experienced team



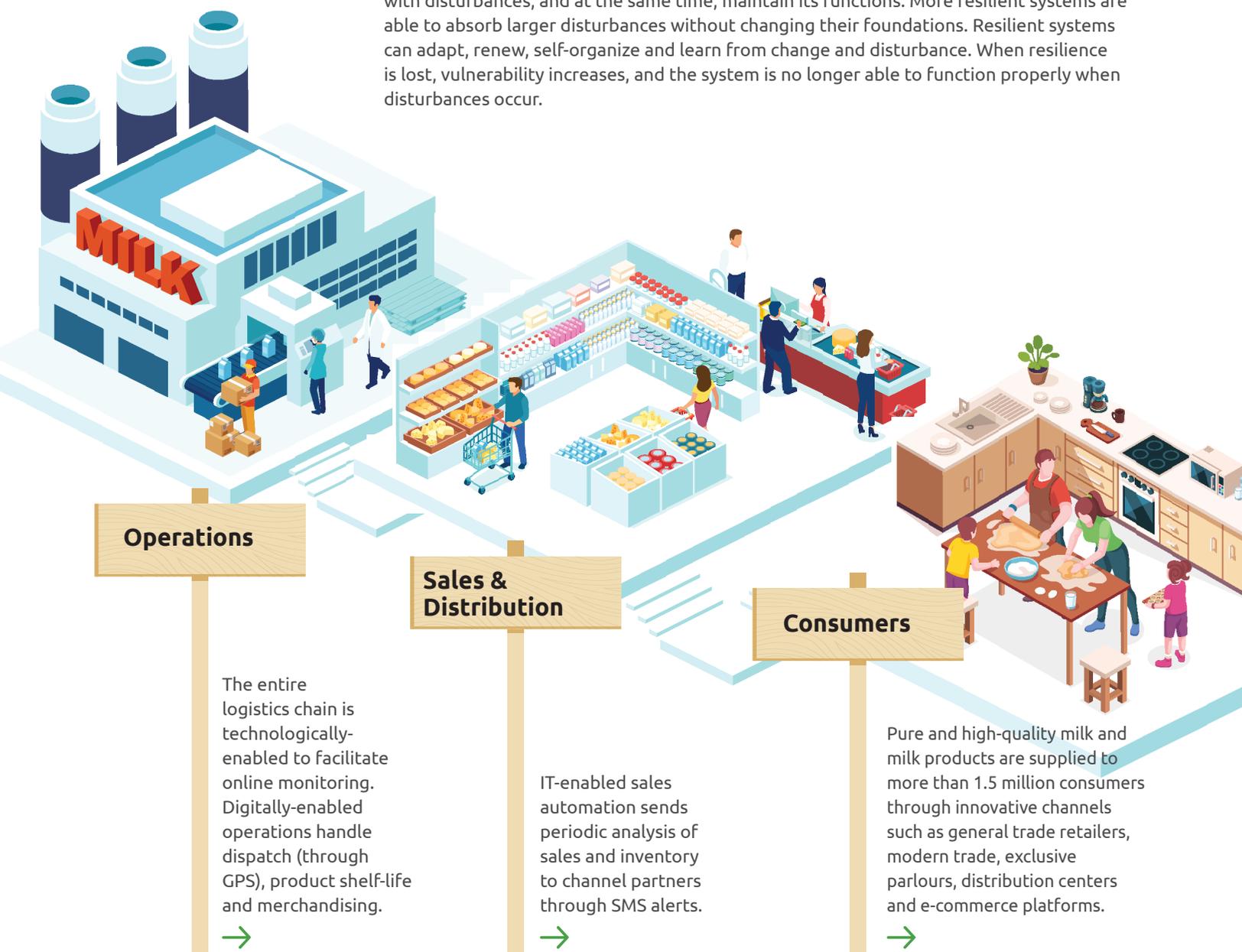
## From Grass to Glass – Our Milk Value Chain



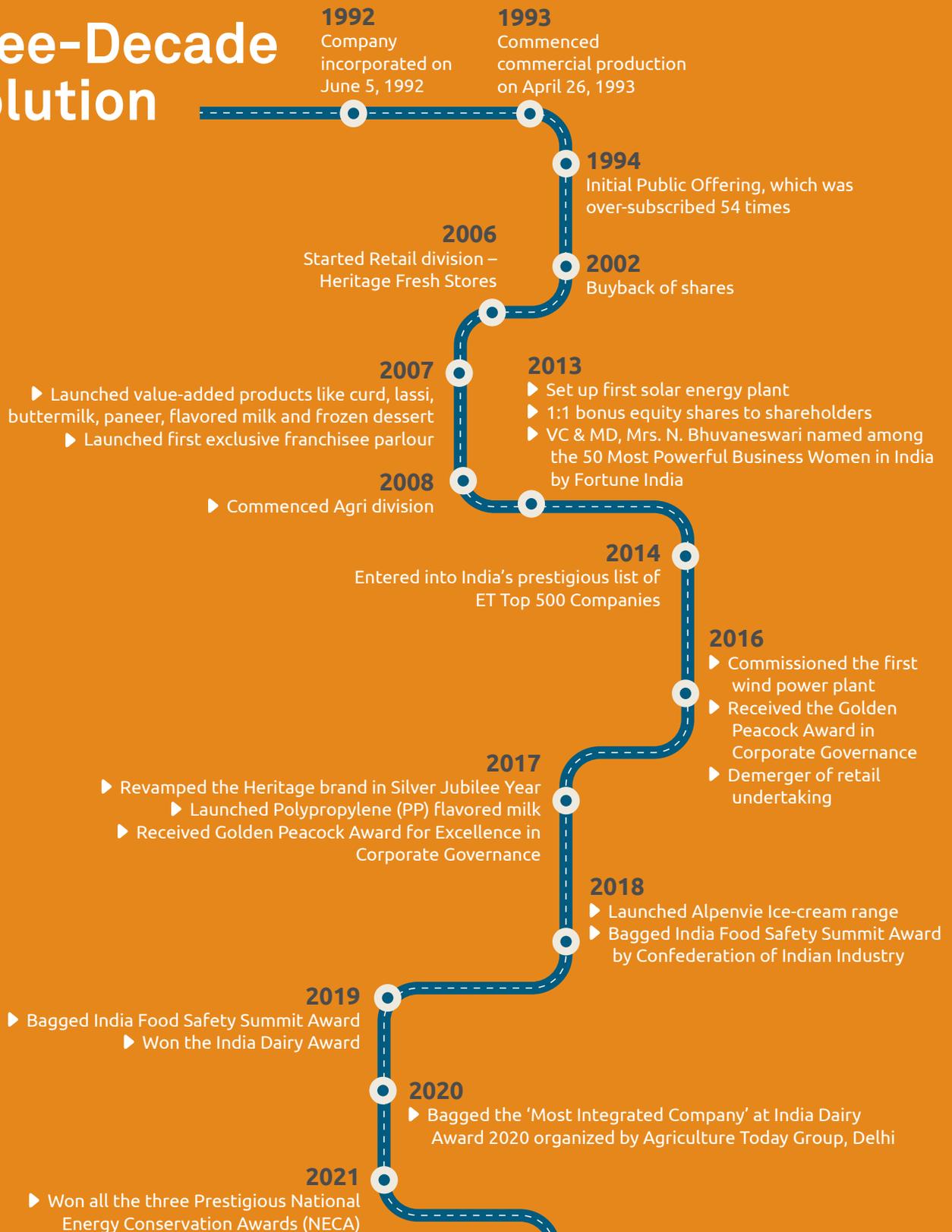
## 'Robustness' and 'Resilience'

At Heritage, we are focusing on animal welfare and productivity, addressing topics that affect the robustness and resilience of dairy production in a very wide scope – from large and intensive farms to small and grass-based farms. The competitive atmosphere resulting from price volatility and uncertainty created by some of these new challenges often leads dairy farmers to focus on productivity, rather than animal welfare.

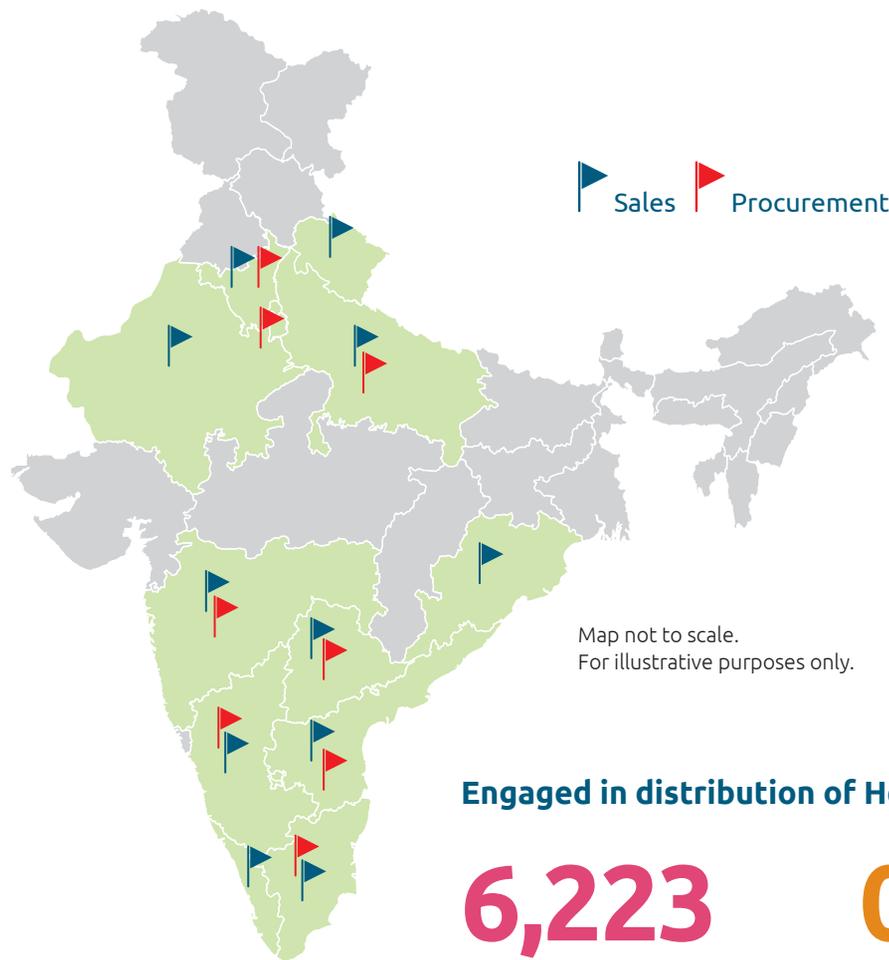
Resilience not only applies to individual animals, but also to higher organizational levels such as the farm or the system. In the latter, resilience is the capacity of the system to cope with disturbances, and at the same time, maintain its functions. More resilient systems are able to absorb larger disturbances without changing their foundations. Resilient systems can adapt, renew, self-organize and learn from change and disturbance. When resilience is lost, vulnerability increases, and the system is no longer able to function properly when disturbances occur.



# Our Three-Decade Evolution



# A Solidifying Presence



## Heritage – Sales Distribution Network

- Telangana
- Andhra Pradesh
- Karnataka
- Tamil Nadu
- Kerala
- Maharashtra
- Odisha
- NCR Delhi
- Haryana
- Parts of Uttar Pradesh
- Uttarakhand

## Engaged in distribution of Heritage Milk & Milk Products

**6,223**  
Distributors  
—  
directly involved

**0.13**  
Million  
—  
Retail Outlets

**1.5**  
Million  
—  
Households



## Awards / Accolades

Heritage Foods won the Prestigious National Energy Conservation Awards (NECA - 2020) in Dairy Sector for the year 2020:

- ▶ 1<sup>st</sup> Prize won by Gokul Plant, Chandragiri (M), Chittoor Dist-517101, Andhra Pradesh, India
- ▶ 2<sup>nd</sup> Prize won by Bayyavaram Plant, Kasimakota (M), Visakhapatnam District-531031, Andhra Pradesh, India
- ▶ Certificate of Merit to Bengaluru Plant, Yadavanhalli (V), Anekal Taluk, Bengaluru South-562107, Karnataka, India

# Our Well-Formulated Portfolio

## Milk



### Toned Milk

Processed, pasteurized and homogenized toned milk nurtures a healthy body and a healthy mind.



### Double-Toned Milk

Low in fat, yet retaining milk's other benefits, double-toned homogenized milk is best for those seeking calcium.



### Full Cream Milk

Processed at state-of-the-art plants, this rich in fat and pure milk is suitable for those with low BMI.



### Standardized Milk

Fresh & pure milk is procured from our farmers and processed, pasteurized, homogenized and packed at state-of-the-art processing plants with utmost care to ensure goodness.



### Cow Milk

This fresh and pure milk is procured, processed, pasteurized, homogenized and packed at processing plants to ensure goodness.



### Slim Milk

Processed to separate fat, pasteurized and packed, contains least fat, suitable for all ages.



### A2 Full Cream Milk

100% buffalo milk rich in A2 protein; Specially procured from nearest farms, helps build immunity and easy to digest.



### UHT Milk

Procured from farmers, processed, pasteurized at ultra-high temperature to ensure each particle is free from bacteria and packed at plant to ensure goodness. Available in multi-layered oxygen barrier poly packs.

## Ice-Creams



### Tubs

Alpenvie Ice-Cream is made with nuts and fruits and is available in flavours such as Chocolate, Pineapple, Fruit Fusion, Pistachio, Butterscotch, Vanilla and Rajbhog.



### Bars

Bars are available in flavours such as Almond Crunch, Black Currant, Chocolate Overload, Classic Vanilla, Mango Lychee and Melon Rush.



### Kulfi

Anjeer Kulfi: A cool traditional ice-cream.  
Malai Kulfi: Made with Real Kesar, Almond and Cashew Nut Powder.



### Cones

Offers a range of crunchy biscuits with a blend of delightful flavours and colors such as Strawberry, Butterscotch, Banana Caramel, Black Currant, Rajbhog, Double Chocolate, Vanilla and Choco-chips.



### Cups

This perennial favorite is available in delightful cups such as Vanilla, Strawberry, Butterscotch, Chocolate and Orange Tango.



### Juicy Bars

Gives more joy at a lower price and comes in different flavours like Grape Jelly, Raspberry Twin, Mango Twin, Orange Juice and Mango Juice.



### Family Packs

Provides family enjoyment in delicious flavours like Vanilla, Strawberry, Butter Scotch, Anjeer Badam, Badam Pista Kesar, Orange Tango, Mango, Chocolate and Lychee Caramel.

## Value-Added Products



### Curd

A value-added product with a selected culture of beneficial bacteria to impart thick, creamy, rich and glossy texture.



### Butter Milk

Prepared from fresh and pure curd in processing plants with utmost care. There are different variants available like plain, salted, spicy and jeera flavour.



### Flavored Milk

Prepared from fresh and pure double-toned milk in various flavours and colors, this is a delicious and refreshing dairy drink available in glass bottles and PET bottles.



### Sweet Lassi

Made with pasteurized, homogenized curd, the fermented drink contains healthy bacteria. It is thick and rich with a natural Elaichi flavour.



### Sabja Lassi

Sabja Lassi is rich in calcium.



### Milk Shakes

Heritage Milk Shake is made with high quality raw material to cater to the delicious desire of every single consumer. It is a natural source of milk protein and is rich in calcium.



### Cold Coffee

Heritage Coffee is made from fresh toned milk with high quality coffee. It is a sterilized product and packed in tin. It is free from added preservatives. It is free from bacteria, rich in calcium and protein and coffee flavor that refreshes the consumer immediately with goodness of milk.



### Immunity Milk

Heritage Immunity Milk contains anti-inflammatory properties which help in maintaining a healthy life. Now available in 4 flavours: Turmeric, Ginger, Tulsi and Ashwagandha.



### Paneer

Fresh and pure milk is procured, and used for paneer which comes in a pleasing white appearance, and a soft and compact texture. Paneer is vacuum-packed in multi-layered film to maintain freshness.



### Cheese

Heritage Mozzarella Cheese and Processed Cheese is made from 100% Pure Cow Milk and has a delicious taste, rich aroma and smooth body.



### Sweets

**Doodh Peda** is made from pure, fresh and highest quality of Milk and Ghee, which is soft, rich in taste and melts in the mouth. It has the right amount of sucrose and is rich in taste and is granular in texture.

**Milk Cake** is made from the highest quality skimmed milk powder and pure ghee, and has a smooth texture and is rich in taste.

## Fat Products



### Cow Ghee

Cow Ghee is prepared from cow butter. It is golden yellow in color, has a good aroma and is granular in texture.



### Buffalo Ghee

Buffalo Ghee is prepared from pure buffalo butter. It is white in color, has a good aroma and is granular in texture.



### Hi Aroma Ghee

Prepared from pure ripened cream with selected bacterial culture, this is light brown in color with a naturally developed rich aroma and smooth granules.



### Cooking Butter

The unsalted cooking butter is made from fresh cream in processing plants with utmost care to ensure goodness.



### Table Butter

The rich salted butter is made from fresh cream and is manufactured in processing plants, with no added ingredients other than salt.



### Fresh Cream

Heritage Fresh Cream has been processed to give a smooth consistency and helps make mouth-watering preparations. It gives food a creamy edge and adds a mouthful of happiness. It has been sterilized at high temperatures and packed safely to ensure that the cream stays fresh until open.

# Business Model

## How we create value for our stakeholders

Our simple, consumer-focused business model is driven by our competitive positioning. We are continually enhancing our competitive strengths to continue delivering for our consumers, customers, employees and shareholders.

### Our Vision

Delighting every home with fresh and healthy products and empowering farmers.

### Our Objective

To distinguish Heritage as a leading dairy company that caters to changing consumer tastes and trends.

### Guided by

3-decade legacy and domain expertise in the dairy business.

### Our Products

- Milk
- Value-Added Products - Curd, Paneer
- Ice-Creams, flavored milk
- Milk Shake etc.

### Our Purpose

Collaborating with 0.3 million farmers across multiple states to:

- Procure quality milk
- Offer good quality cattle feed
- Provide access to financing solutions
- Assisting farmers to improve productivity of milch animals
- Improving their socio-economic status

### Distinct competitive strengths

We have several distinctive competitive strengths, which enable us to create sustainable value for our stakeholders.

### Our distinct strengths

- We are one of the leading private sector Indian dairy companies, serving more than 1.5 million households
- We have established a reputation of merging the vision of dairy co-operatives with corporate efficiency
- We have state-of-the-art milk processing units, R&D infrastructure with advanced equipment and testing laboratories and stringent quality control
- We have a dedicated and experienced team
- Our modern milk processing units have a processing capacity of 2.7 million liters per day (MLPD)



## Running a responsible business for all our stakeholders



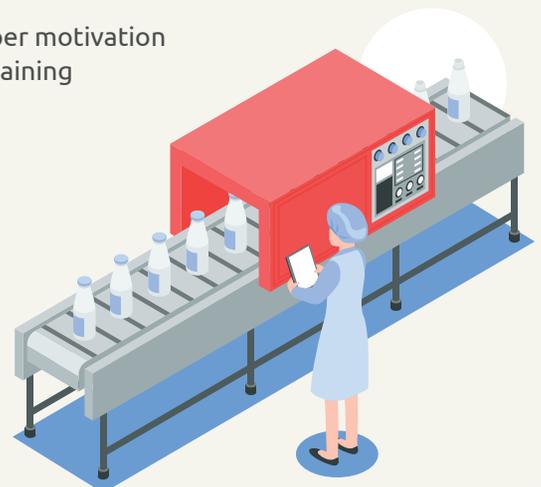
Due to the nature of our business, as a retail-focused dairy company, we face a number of external and internal challenges.

### External Challenges

- Evolving and uncertain economic environment
- Increasing levels of regulation
- Evolving consumer needs
- Increasing competition
- Education and training to farmers
- Marketing and pricing
- Continuous supply of milk in dry period

### Internal Challenges

- Operating as efficiently as possible, while remaining the best dairy product company for our consumers
- Ensuring to have the right people and right culture to meet evolving consumer needs
- Ensuring IT systems are effective and resilient and prepare us for the cyber threats
- Ensuring proper motivation and regular training to employees



# Vice-Chairperson & Managing Director's Message



## Dear Members,

I am pleased to present to you the 29<sup>th</sup> Annual Report of "Heritage Foods Limited" (the Company) for the financial year 2020-21. At the outset, we trust you and your family are keeping well in the unprecedented pandemic COVID-19. The year gone by in many ways has been a challenging one with the onset of the COVID-19 outbreak and eventual lockdowns, which brought a new order to the world. Even as India was gradually recovering and even kick-started its vaccination drive in the fourth quarter of the year, the second wave of Corona Virus is likely to pose a downside risk to economic activity.

The national lockdown to curb the spread of the virus had a drastic impact on the Indian economy, including the dairy industry, which is

a source of livelihood for millions of Indians. An estimated seven million small, marginal and landless farmers rely on dairying to earn a livelihood. The demand and supply of dairy products was subject to the COVID-19 situation and torrential rains.

Milk procurement prices continued to remain low because of low demand from HoReCa and due to fall in out of home consumption. The industry handled the challenges well by ensuring uninterrupted supply of milk and milk products across the country. Despite the pandemic, the sector is perched atop the crest of a U-curve, and the years ahead are expected to be fruitful in terms of top line and bottom line.

## Weathering challenges

A long and winding journey was embarked with moments of glory and despair, but Heritage managed to not just survive, but thrive. We steered the tough environment by further fortifying our strengths and leveraging newer opportunities. Besides protecting our current business base, we geared up to make the organization more efficient to take on the short-term challenges.

Being a responsible organization, we implemented safety measures to ensure the well-being of our employees. We also assured our consumers an uninterrupted supply of milk and milk products through home delivery, and leveraged the e-Commerce channel. Today, Heritage is one of India's dairy companies, enjoying the respect of more than 0.3 million strong farmer community, engaging in milk procurement of 1.3 million liters per day.

## Key industry highlights

For more than two decades, India has been the largest milk producer country in the world. During FY 2019-20, the nation produced 198.4 million tons (MT) of milk, about 22% of the world's total milk production. India's milk production grew at a CAGR of 4.5% over the last 20 years, as against the world's milk production which grew by a CAGR of around 2%. During the last six years, India's milk production has been growing by 35.61%. With India being billed as one of the most attractive global opportunities from a consumption perspective, the dairy sector is projected to keep witnessing a larger quantum of private investment. Rising disposable incomes, growing consumer preference for

branded and value-added milk and milk products, and increased awareness of nutrition is driving demand for dairy products in India.

As per a study on the demand for milk conducted by the National Dairy Development Board (NDDB), the estimated demand for FY 2030 at an all-India level will be 266.5 million liters per day. The rural sector has an estimated share of 57% in total consumption. The per capita consumption in urban areas (592 ml) remains higher than the rural areas (404 ml) even in the FY 2030 projections.

## Year in review

Before we proceed to talk about our performance during the financial year, we are extremely sad to share with you the sad demise of our erstwhile chairperson Shri. Devineni Seetharamaiah, who left for heavenly abode on July 19, 2020. He was credited to have imbibed the best governance standards within the Company. This been a huge irreplaceable loss to the Company.

At Heritage, our liquid milk and curd volumes contracted YoY owing to subdued out-of-home (OOH) consumption, and the withdrawal of operations from Punjab and Rajasthan, as a part of the rationalization exercise, and the disruption caused by unprecedented rains in Hyderabad and several parts of Andhra Pradesh. However, there was a gradual demand revival towards the start of Calendar Year 2021 as several academic and educational institutions started opening up in many states, with summer setting in and with demand

**BEING A RESPONSIBLE ORGANIZATION, WE IMPLEMENTED SAFETY MEASURES TO ENSURE THE WELL-BEING OF OUR EMPLOYEES. WE ALSO ASSURED OUR CONSUMERS AN UNINTERRUPTED SUPPLY OF MILK AND MILK PRODUCTS THROUGH HOME DELIVERY.**



**OUR NET  
TURNOVER  
STOOD AT  
₹ 24,070  
MILLION,  
WHILE OUR  
NET WORTH  
STOOD AT  
₹ 5,938  
MILLION**

from HoReCa reviving. However, we, at Heritage, are carefully moving forward on procurement, based on actual requirement.

### **Financial performance**

Talking about our performance highlights for the year, we sold 1.0 million liters of liquid milk per day during the FY 2020-21, compared to 1.1 million liters per day sold in the previous FY 2019-20. Our Net Turnover stood at ₹ 24,070.29 million, compared to ₹ 26,811.06 million in the previous year, while our Net Worth stood at ₹ 5,937.64 million vs ₹ 4,623.31 million earlier. EBITDA stood at ₹ 2,565 million, compared to ₹ 1,403 million, while Profit Before Tax was ₹ 2,010 million, compared to ₹ 724 million in the preceding year. Revenue

of Heritage Nutrivet Limited, our wholly-owned subsidiary, stood at ₹ 1,215.26 million, compared to ₹ 1,038.54 million previous year.

The cost of dairy inputs in India have been rising, which continued to constrain our margins increased. Our dairy revenues were ₹ 24,065 million in FY2021, from ₹ 26,794 million in FY2020, while the value-added segment reported (19.34%) year-on-year degrowth in revenues at ₹ 5,825 million, compared to ₹ 7,221 million in the previous fiscal year. Another key development of the year was that our entire stake in Future Retail and Praxis Home Retail was sold and the proceeds were used for repayment of long-term debt. With this, we aim to accelerate our focus and investment

in the dairy business, growing our national presence, adding more geographies, enhancing procurement and increasing capacity.

### Strengthening market linkages

Dairy farmers form the backbone of our business, and their empowerment is a core value at Heritage. As a means to this end, we undertake several measures to address the challenges faced by dairy farmers and to secure them in a highly cyclical business. Some of these include providing free veterinary care, supplying high-quality cattle feed at subsidized rates, and mitigating risks through insurance policies (for farmers and cattle). With our efforts, we have helped farmers grow their household income and advance their living standards. We also facilitate financial support for cattle purchase and cattle insurance, resulting in cattle yields rising over the past few years and creating potential employment generation.

### Way forward

We are looking to the future with positivity, well placed and underpinned by the B2C nature of our business and our strong return ratios. What also gives us the confidence for industry growth is the growing per capita availability of milk in the country. India's per capita milk availability, which stood at 130 grams per day during 1950-51, has more than doubled to 374 grams per day in FY 2017-18, as against the world estimated average consumption of 294 grams per day. We continue to keep an eye on our mission of achieving ₹ 60,000 million turnover, although the timeframe is being recalibrated to

deliver the targeted revenue, given the economic headwinds and industry challenges.

### Vote of thanks

India is steadily poised to combat the menace of the pandemic. We are hoping fervently that the nation succeeds in flattening the curve in the shortest possible time, and will overcome the challenges thrown by the virus. At Heritage, we continue to be hopeful of a resurgence in economic activity and return of normalcy very soon.

As we weather this crisis at Heritage, I take this opportunity to thank our employees for their unwavering support. This would not have been possible without their relentless efforts.

Stay safe and healthy.

With best regards.

### N. Bhuvaneshwari

Vice-Chairperson & Managing Director

**AS WE WEATHER THIS CRISIS AT HERITAGE, I TAKE THIS OPPORTUNITY TO THANK OUR EMPLOYEES FOR THE UNWAVERING SUPPORT OF EVERY SINGLE ONE OF THEM.**

# Message from the Executive Director



## Dear Members,

A satisfying journey in many ways, despite a challenging environment – this is how FY 2020-21 sums up for Heritage Foods. Driven by our sustained focus on maximizing long-term intrinsic value for all our stakeholders, we continued dedicatedly through the year amidst a tough business environment.

As you all know, the outbreak of COVID-19 posed a grave challenge. The pandemic upended the Indian economy, suspended business activities, and brought about unprecedented slowdown across industries. Out of home demand for dairy products was hit, but improved towards the end of the financial year.

## Impact of COVID-19

While the pandemic impacted our financial performance, we continued our operations with regulatory approvals even during the lockdown phase, being an essential service provider. We also ensured that the health and safety of our employees at our plants was not compromised. Once the relaxations in restrictions were announced, we implemented standard operating procedures to maintain safety and hygiene at workplaces.

The sale of our dairy-based products such as ice-cream, cheese, flavored milk and frozen desserts has been increasing year-on-year. On the other hand, the reduction in prices and lockdown of the foodservice sector drastically impacted the local dairy farmers and choked the overall dairy industry.

**AS HEALTH AND HYGIENE CONTINUED TO BE A KEY CONSUMER NEED DURING THE PANDEMIC, WE NOT ONLY DEMONSTRATED BUSINESS RESILIENCE, BUT ALSO MAINTAINED A CONTINUAL FOCUS ON EARNING A GREATER RETURN ON MILK.**

We ensured uninterrupted procurement of all the milk produced by our farmers. The assurance of continual delivery of health and nutrition to our consumers has indeed been very fulfilling. As we exercised caution on all fronts, we upheld a prudent approach during the challenging environment and navigated the uncertain times by placing the right buffers to capture future growth. Our robust B2C milk portfolio insulated us from the fallout.

Due to apprehension about consuming cold products during COVID-19, our products such as ice cream/frozen desserts have shown a drastic decline in their consumption pattern.

### Gaining resilience

During the year, we leveraged the opportunity to strengthen our capabilities on all fronts. While we increased our milk chilling capacity, we also expanded the milk processing capacity, augmented R&D infrastructure with technologically-advanced equipment and focused on enhanced product innovation.

Besides solidifying our value-added product portfolio, we deepened our penetration in existing territories and explored new geographies by tapping the untapped semi-urban and rural segments. We also leveraged the use of technology for supply chain and process optimization. We leveraged the potential of technology to gain operational efficiencies and achieve cost optimization, besides capitalizing on our digital platforms to understand consumer behaviors.

### Providing nutrition and wellness

As health and hygiene continued to be a key consumer need during the pandemic, we not only demonstrated business resilience, but also maintained a continual focus on earning a greater return on milk. We created specialty products appealing to a growing consumer interest. We realized greater value by processing milk and manufacturing products based on changing consumer habits and needs.

Consumers are expecting a lot of foods and beverages they consume- they want clean labels, nutritional and fitness-related benefits and convenience - all of these without sacrificing the taste. We created innovative and convenient products with great flavors and nutrition.

As consumer trends shifted trajectories, we developed value-added products to give consumers just what they were seeking – advancing nutrition, food safety and sustainability. Rising disposable incomes, growing consumer preference for branded and value-added milk and milk products, and increased awareness of nutrition value is driving demand for value-added dairy products in India. Our ambition is to be recognized for nutrition, health and wellness with a portfolio focused on value-up ranges.

**IT IS MY SENSE THAT IN THE LONG RUN, AMID THE NEW NORMAL THAT THE CRISIS HAS USHERED IN, THE MARKETPLACE WILL SEE WIDER ADOPTION OF BRANDED MILK AND MILK PRODUCTS BY A GROWING EXPANSE OF YOUNG AND WELL-INFORMED CONSUMERS.**

### **Connecting with millennials**

Together, we create efficiencies, develop innovations, and help people thrive the pandemic. We fostered innovation and increased our repertoire to create newer markets and provide a better connection with millennials. We developed products that enabled our consumers to lead better lives and improve nutrition in their daily diets. This apart, we are constantly strengthening our ability to provide consumers with health and wellness.

We are well responding to our consumers' evolving needs and delighting homes with high-quality value-added products. During the year, we strengthened our value-added product portfolio with several new launches – such as the immunity-boosting Ginger, Tulsi and Turmeric milk variants. Given the health and hygiene concerns during the COVID-19 situation, we satiated consumers' demand for packaged products.

It is my sense that in the long run, amid the new normal that the crisis has ushered in, the marketplace will see wider adoption of branded milk and milk products by a growing expanse of young and well-informed consumers.

Millennials share their opinions and buying habits online via social media platforms and on other sites. We provide such platforms and initiated e-Commerce last year to connect with those consumers who are evolving themselves to purchase products online.

### **Leveraging growth opportunities**

We are happy to share with you that our yoghurt facility is now complete. We started commercial operations and launched our first set of product i.e. Fat Yoghurt. Also, with the stake sale in Future Retail and debt repayment, the Company's focus and investments in dairy business is likely to increase. We also initiated several cost-saving measures to improve our margins. We also maintained our focus on technology-enabled integrated and a consistent scale-up in milk procurement, which has gone up 34% in the last three years.

### **Maintaining quality**

Being a responsible organization, Heritage Foods implemented safety measures for ensuring well-being of its employees and the consumers. We also practiced and believed in maintaining high-quality standard of milk and milk products, as per ISO and FSSAI norms. We are collecting hygienic quality of milk for processing milk and milk products that are safe and suitable for our consumers. To achieve this quality, good hygiene practices are being applied throughout the dairy chain.

We took adequate food safety measures across all the processing plants during the pandemic, with the entire workforce at factories including vehicle crew being screened daily. Every employee/worker entering the plant was scanned at the security gate. Security staff and plant personnel were trained on important hygiene parameters.

## Looking to the future with positivity

We are on an exciting phase to build a better future for ourselves and to record responsible growth and value creation. We remain well placed, underpinned by the B2C nature of our business and strong return ratios. As we move ahead in our journey of collective long-term growth and progress, our top agenda is a balanced mix of growth and profitability, and sustenance of existing market share, led by our vision of a new and empowered tomorrow.

Currently, being one of the private sector dairy enterprises in southern India, our sustainable and responsible approach is to emerge as one of India's top dairy companies. Towards this objective, we endeavour to expand the business, grow our brands, deepen the reach and seize emerging and future opportunities to stay on our growth trajectory. We are expanding distribution, enlarging the portfolio and making the right investments in our brands. We are also taking several initiatives to expand our presence to states beyond western and southern parts of India. Increasing our footprint in high-milk producing and consuming states is an utmost priority.

We are confident that the fruition of our various efforts towards this transformation will reflect in higher margins and improved earnings quality in terms of a leaner working capital cycle and healthier operating cash flows. Further, as the leading organized player in our chosen markets, we enjoy a sizeable critical mass in terms of visibility and business sustainability.

## In conclusion

Staying true to our mission, we aim to enhance the contribution of value-added products from the current levels of over the next five years and cementing our status as a pan-India player in the dairy segment. We have been continuously widening our portfolio of value-added products and brightening our growth prospects over the years.

Before closing, I would like to extend my gratitude to our employees for their persistent hard work and support. I also wish to thank our farmers, distributors, suppliers, partners, bankers, customers, consumers and all our shareholders for their unwavering trust and confidence in us.

With Warm Regards,

**N. Brahmani**

Executive Director

**WE ARE ON AN EXCITING PHASE TO BUILD A BETTER FUTURE FOR OURSELVES AND TO RECORD RESPONSIBLE GROWTH AND VALUE CREATION.**

## Board of Directors



**Mr. N Sri Vishnu Raju**

Non-Executive Independent Director  
DIN: 00025063

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Mr. Raju holds a Bachelor's degree in Chemical Engineering from Osmania University. He is the Founder Chairman and Chief Executive Officer of EXCIGA Group. A director in several public and private companies, he has served in several positions including the Founder and President of Entrepreneurs Organization, Hyderabad, President of CII's (Confederation of Indian Industry) Young Indians, Hyderabad Chapter and a Member on the State Council of CII.

He has gained expertise in the areas of Strategy Planning and Mergers & Acquisitions; Policy Development; Finance; and also in Governance and Compliance.



**Mr. Rajesh Thakur Ahuja**

Non-Executive Independent Director  
DIN: 00371406

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Mr. Ahuja is a graduate in Production Engineering from Pune University Engineering College. He has completed Owner President Management Programme at Harvard University, USA. He started Silver Line Wire Products in 1993 as a manufacturer of plastic-coated wire products for household applications. He is also on the board of several other companies.

He is an expert in the areas of Strategy Planning and Mergers & Acquisitions; Leadership; Sales & Marketing; and Finance.



**Mrs. Aparna Surabhi**

Non-Executive Independent Woman Director  
DIN: 01641633

Mrs. Surabhi holds a Bachelor's degree in both commerce and law from Bombay University and is a Fellow Member of the Institute of Chartered Accountants of India. She has been a practising Chartered Accountant since 1991. She has more than 29 years of experience in handling various kinds of audit and has been a consultant for many start-up businesses.

She has gained expertise in the areas of Finance; Leadership; Information Technology; Strategy Planning and Mergers & Acquisitions; Governance & Compliance; and International Business.

## Board of Directors

**Dr. V. Nagaraja Naidu**

Non-Executive Director  
DIN: 00003730

Dr. Naidu is an M. Com, M. Litt and a PhD in Financial Management. He started his career from the Administrative Staff College of India, Hyderabad, in 1972. He has held various positions in reputable universities such as Professor, Dean, Director, etc. and has taught in the fields of Finance and Business Economics at postgraduate and doctorate levels for about 25 years. He has been the Registrar (Administrative Head) of Dr. B R Ambedkar Open University for nearly 10 years. He has been associated with the Company since its inception and has been able to utilize his intimate understanding of the rural socio-economic scenario to strengthen milk procurement systems and strategies of Heritage Foods, all of which have contributed to the current status of Heritage Foods as a leading player in South India.

He has gained expertise in the areas of Finance; Policy Development; Leadership; Strategy Planning and Mergers & Acquisitions; Governance & Compliance; and Sales & Marketing.

**Mrs. N. Bhuvaneshwari**

Vice-Chairperson & Managing Director  
DIN: 00003741

Mrs. Bhuvaneshwari holds a Bachelor's degree in Arts and is a director of several companies. She is a dynamic leader and has extensive experience in the business. She has been successfully steering Heritage Foods towards growth and prosperity. She joined the Company in 1994 as a Whole-time Director and is now serving as the Vice-Chairperson and Managing Director. She provides guidance and monitors the overall workflow of the organization.

She has gained expertise in the areas of Finance; Policy Development; Leadership; Governance & Compliance; and Sales & Marketing.

**Mrs. N. Brahmani**

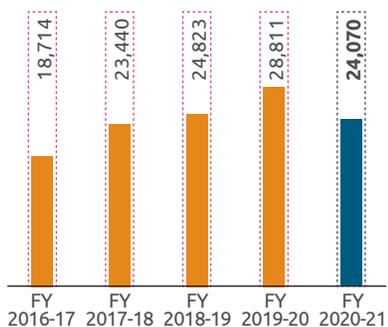
Executive Director  
DIN: 02338940

Mrs. Brahmani holds a Master's degree in Business Administration from Stanford University and a Bachelor's degree in Electrical Engineering from Santa Clara University, California, USA. She is a graduate in Communication Engineering from Chaitanya Bharathi Institute of Technology, Hyderabad, India. She has worked as an Investment Associate in Vertex Venture Management Pvt Ltd during 2009-11 in Singapore. She joined Heritage Foods in 2013 and is now serving as the Executive Director. She heads the crucial business functions such as design, development and implementation of strategic plans of the organization in a cost-effective and timely manner.

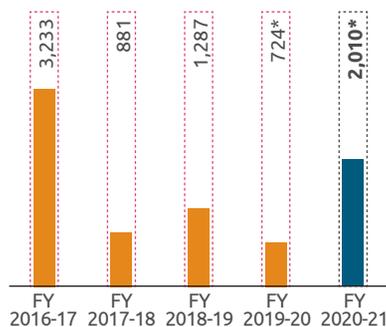
She has gained expertise in the areas of Finance; Policy Development; Leadership; Information Technology; Strategy Planning and Mergers & Acquisitions; Governance & Compliance; Sales & Marketing; and International Business.

# Sustaining Our Performance

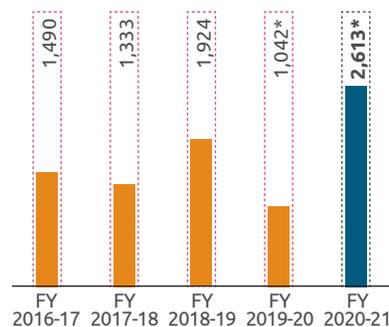
## Net Turnover (₹ Million)



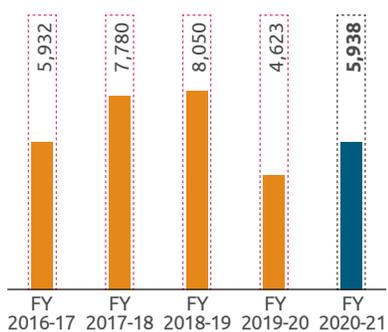
## Profit Before Tax (₹ Million)



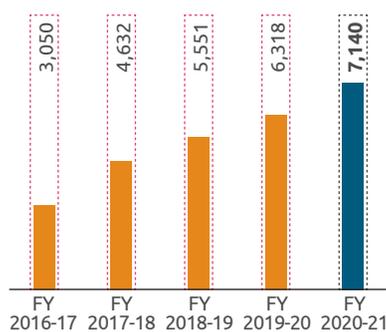
## EBITDA (₹ Million)



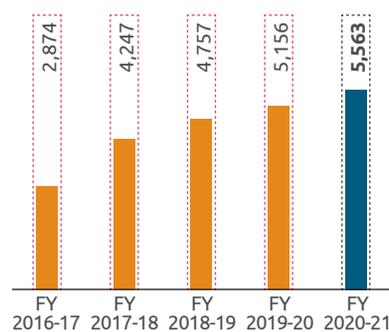
## Net Worth (₹ Million)



## Gross Fixed Assets (₹ Million)



## Net Fixed Assets (₹ Million)



\*core business

## Key Financial Ratios

Particulars	31 March 2021	31 March 2020
Debtors Turnover Ratio	135	88
Inventory Turnover Ratio (on Cost of Goods Sold)	11	16
Interest Coverage Ratio	13.36	4.67
Current Ratio	1.24	0.83
Debt Equity Ratio	0.04	0.35
Operating Profit (PBIT) Margin (%)	9.03%	3.44%
Net Profit Margin (%)	6.03%	(5.97)%
Return on Net Worth (RoNW)	24.45%	(34.61)%

# 10-Year Financial Highlights

(₹ Million)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Turnover	13,934	16,018	17,220	20,730	23,806	18,714	23,440	24,823	26,811	24,070
Other Income	32	42	50	70	66	37	72	111	83	84
Fair Value gain on Equity Securities	-	-	-	-	-	2,468	3,954	1,311	2,945	-
Total Income	13,966	16,060	17,270	20,800	23,871	21,219	27,466	26,245	29,839	24,154
EBITDA	526	1,034	987	881	1,365	1,490	1,333	1,924	(769)	2,565
EBITDA from Core Business**	526	1,034	987	881	1,365	1,490	1,333	1,924	1,402	2,613
Depreciation & Amortization	212	220	250	340	345	249	370	437	480	441
Interest	178	148	119	150	146	93	166	200	197	163
Loss due to changes in fair value of derivative liabilities	-	-	-	-	-	385	3,870	1,311	5,116	48
Provision for Taxation	42	137	159	109	306	307	277	452	153	510
Profit after Tax (PAT)	93	500	453	282	554	2,926	604	834	(1,600)	1,452
Profit after Tax (PAT) from core business	93	500	453	282	554	2,926	604	834	571	1,500
Cash Profit/(Loss)**	305	720	703	622	899	1,092	890	1,272	1,051	1,940
Equity Dividend (%)	20	30	30	30	30	40	40	40	50	100
Dividend Payout (including tax on dividend)	27	41	81	84	84	112	112	112	116	232
Equity Share Capital	115	116	232	232	232	232	232	232	232	232
Reserves and Surplus	816	1,303	1,558	1,698	2,168	5,700	7,548	7,818	4,391	5,706
Net Worth	931	1,419	1,790	1,930	2,400	5,932	7,780	8,050	4,623	5,938
Gross Fixed Assets	3,459	3,635	4,196	4,623	5,184	3,050	4,632	5,551	6,318	7,140
Net Fixed Assets	2,303	2,368	2,715	2,807	3,120	2,874	4,247	4,757	5,156	5,563

## Key Indicators

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Earnings per share* (₹)	8.1	21.64	19.53	12.16	23.89	63.06	13.01	17.98	(34.49)	31.29
Cash Earnings Per Share (₹)	26.47	31.03	30.31	26.81	38.77	23.53	19.18	27.40	22.66	41.81
Book Value Per Share (₹)	80.77	61.16	77.15	83.29	103.45	127.85	167.67	173.49	99.64	127.97
Debt : Equity Ratio	0.99:1	0.42:1	0.25:1	0.29:1	0.27:1	0.13:1	0.21:1	0.24:1	0.35:1	0.04:1
EBITDA/Turnover (%)	3.77	6.27	5.73	4.25	5.68	7.96	5.68	7.75	(2.87)	10.66
EBITDA/Turnover (%) from core business**	3.77	6.27	5.73	4.25	5.68	7.96	5.68	7.75	5.23	10.86
Net Profit Margin (%)	0.67	3.12	2.63	1.36	2.33	15.64	2.58	3.36	(5.97)	6.03
Net Profit Margin (%) from core business**	0.67	3.12	2.63	1.36	2.33	15.64	2.58	3.36	2.13	6.23
RoNW (%)	10.02	35.21	25.32	14.62	23.10	49.33	7.76	10.37	(34.61)	24.45

\*EPS and book value per share for FY 2012-13 has been adjusted on account of issue of bonus shares

\*\*Fair value gain on FVTPL equity shares and loss due to changes in fair value of derivative liabilities were not considered in EBITDA and cash profit

# Embedding a Future-Fit Heritage

We are focusing on entrenching our priorities that will help us stay ahead and achieve our objective of maximizing our long-term intrinsic value. We are creating strategic assets that will help us build our future value. We continue to build operational excellence as a core competency and also our ability to execute our strategy and deliver consistent performance.

## Expanding capacities

We increased our milk chilling capacity by 2.1 million liters per day (MLPD) in the past four years. As a result of this, our overall milk handling capacity has gone up by 34% from 1.03 MLPD to 1.37 MLPD during this period. Moving ahead, we maintain our mission of doubling our capacity to 2.7 MLPD over the next 4-5 years.

We also installed a new facility at Palghar district in Maharashtra to process milk and milk products with installed capacity of 0.1 MLPD. Commercial production at this facility has been kick-started to meet the needs of our consumers in Mumbai and the surrounding areas in Maharashtra. The capacity will be furthermore increased to fulfill the demand of the consumers as and when required.

## Modernizing infrastructure

In certain pockets of areas with inadequate procurement infrastructure, there is a need for modernization and automation, infrastructure requirement for IT and replacement capex for certain equipment, which needs to be replaced. We also created an important back-end infrastructure for curd, making about

50,000 kg per day in Hyderabad and 50,000 kg in Andhra Pradesh.

## Augmenting research capabilities

We also set up a separate R&D laboratory towards the end of the year, with high-end quality testing equipment with a capacity of 100 liters per hour. The key objective of the R&D laboratory is development of new products and improvement in quality of existing products and packing materials.

## Leveraging technology

We continue to harness technology as we move towards our next phase of growth. We continually capitalize on our technology integrated network to raise our operational efficiency as much as possible. Deploying state-of-the-art technology also helps in continuous process and product innovation and enables us to meet consumer expectations and enhance consumer delight. We launched Heritage TUCH App for hassle-free dairy delivery in Hyderabad. Consumers can order milk and milk products online through the App at their convenience of staying at home.

## Current Capacities in Milk



Figures in Million Liters Per Day (MLPD)  
Figures in Million Kg Per Day (MKPD)

# Serving Health, Nutrition and Wellness

**Our legacy in dairy business, along with our expertise, enables us to deliver nutritious and healthy products. Through our research capabilities, we continue to evolve our science and nutrition understanding and constantly strengthen our ability to provide consumers with health, nutrition and wellness.**

Our consumers are at the heart of everything we do and all our propositions leverage deep consumer insight. With our deep-rooted technology capability, we create products that meet consumer trends quickly, delighting every home with fresh and healthy products. Our differentiated product mix adds value, delivers more and supplies the requisite nutritional element – for our consumers of today and tomorrow.

## Emphasis on wellness

During the year, we maintained our focus on nutrition, health and wellness with a portfolio focused on value-up ranges. We satiated the requirements of our progressive and discerning consumers that are constantly seeking nutritional options, ensuring wholesome health and build immunity for themselves and their family. Our ready-to-drink immunity-boosting milk with Ashwagandha, turmeric, ginger and tulsi variants is a classic example, which contain herbal extract Withania Somnifera blended with milk.

Further, we launched healthy products that help build immunity in the current COVID-19 times. Our newly launched

A2 milk is easy to digest, with micro-nutrients like Calcium and Vitamin D and is an ideal choice for health-conscious consumers. Our probiotic curd, containing the Bifidobacterium strain, boosts the immune system, while our new range of ice-cream flavours is completely free from artificial preservatives, besides having a longer shelf life.

## Serving taste-buds of millennials

Our key objective is also to satiate the fairly new and covetable consumer demographic – the young-age, well-informed consumers. Some of our new products such as on-the-go drinks 'Cool Café' and fresh cream cater to the taste of millennials. Our cheese products in mozzarella and processed cheese are loved by the Gen Z category of consumers.

We also engage with them through our 4-cone ice-creams in combo packs of Double Chocolate and Butterscotch variants, and also our new flavours in Cookies, Cream, Berry Ripple and Caramel Ripple – a big hit with aspirational consumers and natural trendsetters.

## PRODUCTS LAUNCHED IN 2021

- UHT A2 Full Cream Milk
- Nourish Curd
- Immunity Milk – Turmeric, Ginger, Tulsi & Ashwagandha
- Mixed Berry Sundae – IceCream
- Ghee Small sachets – 12 ML & 25 ML
- Laddoo Prasadam Cone – Frozen Dessert
- Vanilla & Butterscotch – Jumbo Packs – 2 Ltrs – Frozen Dessert
- Cassata Tray – Frozen Dessert
- Double Chocolate Cone & Butterscotch Cone – 4 Pack – Frozen Dessert
- Cookies & Cream Tub – Icecream
- Berry Blast Cone – Frozen Dessert
- Probiotic Curd
- Cheese – Blocks, Slices, Mozzarella & Spread
- Fresh Cream
- Cold Coffee

## PRODUCTS TO BE LAUNCHED IN 2022

- Fortification of all variants of Milk with vitamins A & D
- Cheese Cubes
- Paneer Tikka
- Shrikhand Sweet
- Mysorepak Sweet
- Badam Milk with Nuts
- Ghee-based Spreadz
- Spiced Butter Spreadz
- Multiple ripple and Coconut bar in Icecream/Frozen Dessert

# Living Up To Societal Value



At Heritage Foods, we strive for the welfare of our dairy farmers through our Heritage Farmers Welfare Activities (HFWA). We play a key role in empowering dairy farmers with a variety of programs including cattle feed distribution, free veterinary care, enlightening farmers on better cattle management practices and also facilitating credit flow from banks.

## HFWA Activities in FY2021

**968**

Veterinary Health  
Camps conducted

**972**

Milk Collection Centers  
covered

**54,216**

Cattle treated

## Creating an Impact

### IMPROVING SOCIO-ECONOMIC STANDARDS

We enlighten farmers to improve cattle productivity, healthcare and nutrition. We also guide them on cattle financing and insurance.

### MAINTAINING FARMER RELATIONSHIPS

We procure milk directly from farmers, deliver it to our manufacturing facilities and to the end-consumers, ensuring accuracy in milk measurement and enhancing their incomes.

### REINFORCING BONDS

We deepen our engagement with farmers by procuring assured quantities of milk and undertaking guaranteed marketing for 100% of the products.

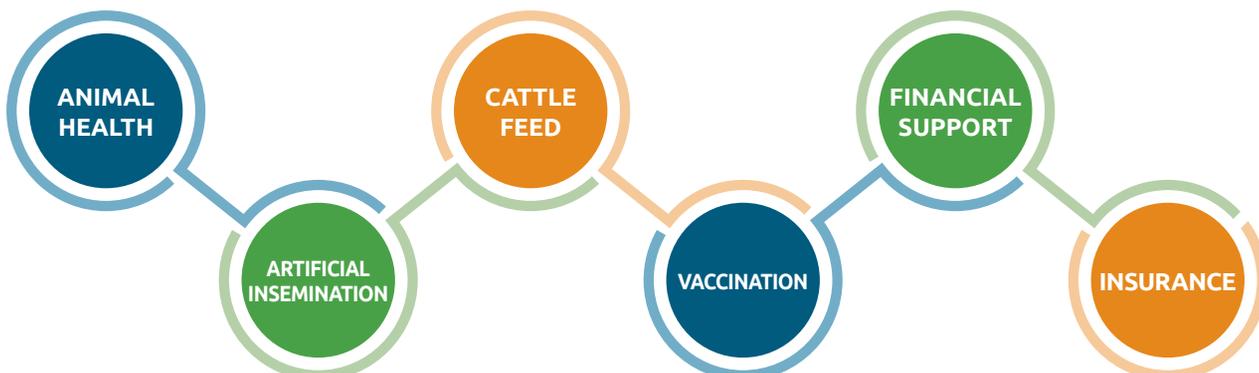
### PROVIDING ASSISTANCE

We offer nutritious feed to farmers at subsidized rates and deploy mobile veterinary clinics.

### EMPOWERING FARMERS

We provide farmers easy access to funds through financial institutions and also offer loans and insurance for cattle. We procure milk at reasonable price and remunerate them on a punctual basis.

## Key Initiatives



# Changing the Lives of Farmers



I have 6 cattle and 1 calf. The Veterinary Team at Heritage raised my awareness on the importance of fodder development, milking procedure, feeding methods, calf rearing, cleaning of cattle shed, and other aspects of dairy management. They also explained to us about the diseases and preventive steps for them. Since then, my calves have been dewormed and the cattle has been deticked with butax spraying. The doctors also administered some injections into my cattle. Thanks to Heritage for providing these services even during the lockdown. We hope you can continue providing the same services ceaselessly.

**- Chakali Harikrishna**



I have four buffaloes. The Veterinary Team at Heritage created awareness on feeding practices, hygienic methods and calf rearing. We also took preventive steps on seasonal occurrences. The cattle have been treated with injections and the calf has been dewormed. The adult cattle was deticked with butax spraying. The staff of Heritage Mobile Veterinary Clinic satisfied us on every parameter. We are extremely thankful to Heritage for providing these services even during the lockdown.

**- K. Raghu**



I have 6 cows and 2 calves, and we have been supplying and selling their milk to Heritage since a long time. The doctors at the clinic counseled us on calf rearing, regarding important diseases, preventive measures and deworming for calves, feeding practices and dairy management. We also attended the HMVC health camps. The calves have been dewormed and cattle have been deticked with butax spraying. We are very happy with the services provided by the team.

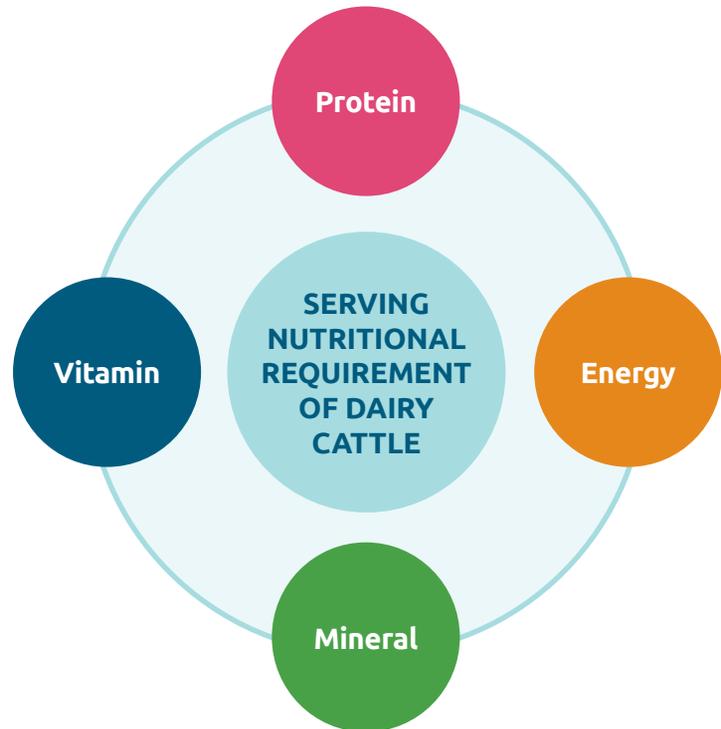
**- Banka Shrisailam**



# Aiding Cattle to Deliver More

We provide high quality cattle feed at subsidized rates through our wholly-owned subsidiary Heritage Nutrivet Limited. The nutritious feed helps the livestock deliver more milk and improve the reproductive ability and cattle productivity.

Our fully-automatic manufacturing units in Andhra Pradesh - Hindupur and Mallavalli, manufacture solutions that assist in improving the health of livestock and developing farm productivity, catering to the cattle feed requirements of over 0.3 million farmers. Besides nutritional feed, the subsidiary also assists in knowledge-building, provide technical support to farmers, and increase awareness among farmers on cattle productivity.



## Key Financials (our wholly-owned subsidiary company)

(₹ Million)

Turnover	EBITDA	PAT
FY2021 1,215.26	FY2021 134.67	FY2021 72.12
FY2020 1,038.54	FY2020 48.46	FY2020 6.73

# Forging Meaningful Partnership

## Partnering to fortify the value proposition

### Heritage Novandie Foods Private Limited (50:50 JV Company)

#### 50:50 PARTNERSHIP

- Leveraging Heritage Foods product legacy and reputation in Indian markets with French Partners – Andros group's global legacy, product knowledge and technology

#### Target Customers

- Rising trend of nutrition quotient amongst the Indian customers

#### Riding on Supply Chain Dynamics

- Competitive pricing, premium packaging standards, localized supply chains for a larger distribution network and proven quality track record

#### Key USP

- First of its kind, French Yogurt production aided by state-of-the-art manufacturing facilities and robust quality control of ingredients and process

### Yogurt & Flavored Yogurt Drink SKUs



- ▶ **State-of-the-art production facility:** Palghar District, Maharashtra
- ▶ **Product reach:** Mumbai, Pune, Surat and Ahmedabad via omnichannel distribution network
- ▶ **Expansion Plans:** Penetrate in Hyderabad and Bengaluru in 2022

# Maximizing Supply Chain Network



A key strategy of the Company is to optimize management of our supply chain through customized processes and systems. Integrating modern technology across verticals has augmented our procurement and distribution capabilities, helping us better manage the inventory, while the use of data analytics enables generate better understanding on consumer behavior and achieve greater operational efficiency.

## Our Supply Chain

### PROCUREMENT



Milk brought to collection centers



Milk collection at a center



Milk testing at chilling centers



Chilled milk delivery at packing station

### PRODUCTION

Milk and Milk Products

Excess fat converted to fat products

Pasteurization, homogenization, standardization of milk and excess fat separation

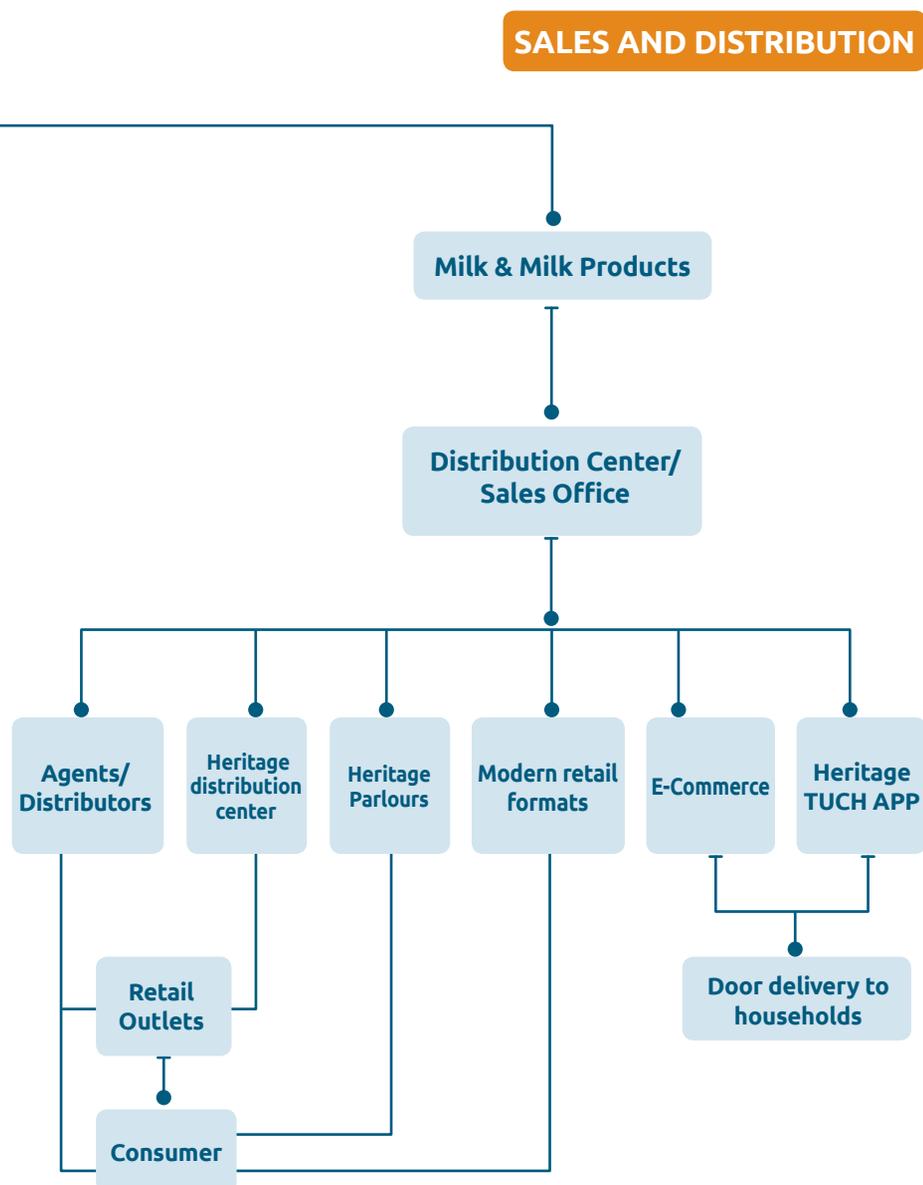


### Heritage Distribution Center

Heritage Distribution Centers are product distribution centers which aim at strengthening the brand further. Each of these 32 centers have the capability to cover 100 retail shops and 100 households in the locality. These centers are operational in Bengaluru, Chennai, Mumbai, Hyderabad, Rajahmundry, Vijayawada and Vizag.

### Heritage Parlours

Heritage Parlours are exclusive product outlets managed by franchisee. There are 858 such outlets across the country, offering flexibility in the product mix, and better availability and accessibility to the consumers.



### Our Supply Chain Capabilities

**113**  
Bulk coolers

**76**  
Chilling plants

**18**  
Processing plants

**1,912**  
Vehicles

**12,052**  
Milk procurement  
representatives

**6,223**  
Distributors

# Our Approach towards ESG

**Our fundamental purpose is to meet the needs of customers and consumers for quality food products to generate long-term sustainable economic results. Besides sustained economic performance, environmental, social and governance stewardship is a key factor for holistic business growth. Our business plan approach considers ESG in the backdrop, with clear action plans to deliver value across magnitudes and achieve sustainable returns.**



## Environment

We focus on driving energy efficiency and environment protection, water conservation, and reducing our carbon footprint. As a forward-looking organization, we are adopting several initiatives to reduce our carbon footprint and conserve valuable natural resources. We aim to develop our business, while improving our environmental performance to create a more sustainable future. We continue to focus on measures for conservation and optimal energy utilization in all the areas of our operations. Factories are encouraged to consistently improve operational efficiencies, minimize consumption of natural resources and reduce water and energy usage and carbon emissions, while maximizing production volumes.



## Social

### Consumers

The milk we supply to our consumers is healthy, with high nutritive value. By retaining the freshness, naturalness, purity, nutrition and by procuring it directly from milk farmers, we create goodness for all generations. We focused on cattle healthcare and well-being of animals as well as maintaining the health values of food to make consumers benefit even more.

### Employees

We respect and value our employees at all levels, encourage diversity, and foster a healthy, safe and meaningful work environment – one that supports professional and personal development and a long-term career growth. Our key emphasis is to create a motivated and inclusive workforce.

### Communities

We have formulated and adopted a Corporate Social Responsibility policy to take up activities including promoting education, enhancing the vocational skill, supply of clean drinking water, disaster management, relief and rehabilitation, in accordance with Schedule VII of the Companies Act, 2013 through NTR Memorial Trust. Apart from the mandatory CSR activities we continue to voluntarily support through Heritage Farmers Welfare Activities (HFWA), including Mobile Veterinary Clinic to provide services at farmers' doorstep, health camps for farmers and animals, and audio-video awareness about caring for animals, among others.

### Supply chain partners

The Company is committed to extend its sustainability criteria throughout its extensive value chain, while working with supply chain partners to tackle risks and improve responsible procurement practices. The suppliers, contractors and business partners in the supply chain are expected to share the same values and standards, with respect to Governance, Social and Environmental performance.



## Governance

Our Corporate Governance philosophy stems from our belief that corporate governance is an integral element in improving efficiency and growth, and enhancing investor confidence. We believe that sustainable corporate growth emanates from the top down through the organization to various stakeholders which is reflected in its sound financial system, enhanced market reputation and improved efficiency.

### Board Diversity

The Board has a balanced one-tier system with productive combination of Executive and Non-Executive Directors, including independent professionals. It has a judicious mix of experience, competence and sound, aiming to provide real value, working from a position of integrity and transparency in the most efficient and effective way, representing and protecting the interest of shareholders.

### Code of Conduct

We adopted a Code of Conduct for our Directors and senior management, which lays down the principles and standards to govern the actions of the Company and its employees. The Code expects all members to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct.

### Risk Management

We have established a comprehensive risk management system to facilitate the fulfillment of our strategies and objectives, ensuring that risks are identified, analyzed, assessed, managed and controlled systematically. Risk management is a process driven by our Board and assisted by the Risk Management Committee, which reviews and monitors the effectiveness of our processes, in accordance with corporate governance requirements.

### Cyber Security

We have a dedicated Information & Security policy to ensure that all the information assets including data, computer systems and IT equipment are adequately and consistently protected from damage, inappropriate alteration, loss and unauthorized use or access. Based on this policy, we have established procedures to meet regulatory and statutory requirements pertaining to information collection, storage, processing, transmittal and disclosure.

# Safeguarding Employee Resiliency

**The value of a company is determined by the quality of its employees. At Heritage Foods, we recognize the importance of having a workforce which is consumer-focused, performance-driven and future-capable and being concerned about their well-being. During the pandemic, we took the initiative to constantly reiterate the importance of health of all our employees.**

Being a progressive organization, we believe in the strength of our strong workforce – our most vital asset. Human Resource Development is a key area of our core competence, and hence, we seek to pursue, nurture and retain talent. We build strong leadership talent pipelines and capability across levels in an environment fostering high performance and engagement across the workforce.

We also continually strive to attract fresh talent to build a highly skilled and motivated pool of resources. Several initiatives are taken to ensure optimal development and management of human resources by imparting need-based training to employees across categories. We update staff with information and guidance, whether from the government or otherwise, and keep staff informed.

## Ensuring employee well-being

The pandemic has been an unprecedented event, which disrupted our way of life and caused increased stress and anxiety for employees. During these challenging times, we offered a variety of resources to help the employees cope with work. As an employee-centric organization, we helped them stay focused and keep their nutrition in check. We also enabled benefits and extended

services by offering work from home, with pruning office hours and shift system without affecting business activities.

## Ensuring COVID-19 appropriate behaviour

We maintained hygienic working conditions and spread awareness about physical distancing to all our employees, and adherence of SOPs and Guidelines. Strict temperature monitoring and screening was ensured on a daily basis. A COVID-19 Medical Kit was provided to symptomatic employees. We curtailed business traveling; all the necessary reviews and meetings were organized virtually to minimize physical meetings travels. Daily fumigation at the workplaces, UV scanner and oxygen concentrator procurement were enabled. Hand wash facilities were maintained near all the factory entrance gates.

COVID-19 meticulous monitoring and prompt and timely support was provided to the employees in the form of doctor consultation, testing, home care treatment and hospitalization. Paid quarantine leave was provided to the affected employees, which was further extended based on employee health. We also launched the nurturing wellness platform through Health Plus App (Healthy Heritage League), which offered virtual suggestions from expert doctors, interactive sessions and counseling.

## Assigning COVID-19 Warriors

We were truly overwhelmed by the spirit of our people to help and support each other. More than 52 employees across functions volunteered during pandemic to support others. We assigned COVID-19 Warriors – Heritage Saviours – who volunteered to help the affected individuals.

They provided assistance to the affected employees and families with medical resources, and coordinated with suppliers and hospitals. They received regular health updates from the affected employees and also followed up with asymptomatic and mild cases on behalf of doctors, helped facilitate vaccination slots, and most importantly, made themselves available to listen to, provided them comfort and assurance for support and assistance.

## Role of HR

During the year, the HR Team focused on the below for the safekeeping of employees:

- Leadership communication and engagement with the workforce throughout the pandemic, as informed by national and global public health guidelines
- Educated the employees about COVID-19 symptoms and prevention; reviewed leave policies

Safeguarding Employee Resiliency

and established procedures to support employees through the period

- Helped enable safe remote working environments
- Identified and supported 'stranded' colleagues in transit, along with their families
- Understood new travel restrictions and impact on colleagues; arranged passes for traveling to office and plant location

### Salute to all Heritage Savivors!

It is truly heart-warming to see people extending their support in the form of skills, resources, money, and time to help those impacted by the COVID-19. This reaffirms belief in the power of humanity.

In Heritage, we are overwhelmed by the Spirit of our people - to help and support each other. More than 60 employees across functions have

volunteered during the COVID-19 pandemic. We call them "Heritage Savivors". They helped Impacted employees & families for medical resources, and coordinate with suppliers & hospitals.

Heritage Savivors followed up on asymptomatic and mild cases on behalf of our doctors, help facilitate vaccination slots, and most importantly, are always there to listen and to comfort - which in many cases is all that we need.



# Corporate Information

## BOARD OF DIRECTORS

**Mr. D Seetharamaiah** (DIN No:00005016)  
*Non-Executive Independent Chairperson*  
(up to 01.07.2020)

**Mr. N Sri Vishnu Raju** (DIN No:00025063)  
*Non-Executive Independent Director*

**Mr. Rajesh Thakur Ahuja** (DIN No:00371406)  
*Non-Executive Independent Director*

**Mrs. Aparna Surabhi** (DIN No:01641633)  
*Non-Executive Independent Women Director*

**Dr. V Nagaraja Naidu** (DIN No:00003730)  
*Non-Executive Director*

**Mrs. N Bhuvanewari** (DIN No:00003741)  
*Vice Chairperson & Managing Director*

**Mrs. N Brahmani** (DIN No:02338940)  
*Executive Director*

## SENIOR MANAGEMENT

**CA A Prabhakara Naidu**

(M.No:FCA 200974)  
*Chief Financial Officer*

**CS Umakanta Barik**

(M.No:FCS-6317)  
*Company Secretary and Compliance Officer*

**Dr. M Sambasiva Rao**

*President*

**Mr. J Sambamurthy**

*Chief Operating Officer*

## BOARD COMMITTEES

### Audit Committee

Mrs. Aparna Surabhi, Chairperson  
Mr. D Seetharamaiah (up to 01.07.2020)  
Mr. Rajesh Thakur Ahuja  
Dr. V Nagaraja Naidu  
Mr. N. Sri Vishnu Raju

### Nomination & Remuneration Committee

Mr. N Sri Vishnu Raju, Chairperson  
Mr. D Seetharamaiah (up to 01.07.2020)  
Mr. Rajesh Thakur Ahuja  
Mrs. Aparna Surabhi (w.e.f. 01.07.2020)

### Stakeholder's Relationship Committee

Dr. V Nagaraja Naidu, Chairperson  
Mr. D Seetharamaiah (up to 01.07.2020)  
Mr. N Sri Vishnu Raju  
Mrs. N Bhuvanewari  
Mr. Rajesh Thakur Ahuja  
(w.e.f. 01.07.2020)

### Risk Management Committee

Mr. Rajesh Thakur Ahuja, Chairperson  
Mr. D Seetharamaiah (up to 01.07.2020)  
Mrs. Aparna Surabhi (w.e.f. 01.07.2020)  
Mr. N Sri Vishnu Raju  
Mrs. N Bhuvanewari

### CSR Committee

Mr. D Seetharamaiah, Chairperson  
(up to 01.07.2020)  
Mr. Rajesh Thakur Ahuja, Chairperson  
(w.e.f. 01.07.2020)  
Mr. N Sri Vishnu Raju  
Mrs. N Bhuvanewari

### Management Committee

Mr. D Seetharamaiah, Chairperson  
(up to 01.07.2020)  
Mrs. Aparna Surabhi, Chairperson  
(w.e.f. 01.07.2020)  
Mr. N Sri Vishnu Raju  
Mrs. N Bhuvanewari

## REGISTERED OFFICE

#6-3-541/C, Panjagutta,  
Hyderabad - 500 082, Telangana.  
Tel: +91-40-23391221/2, Fax: 23318090  
CIN: L15209TG1992PLC014332  
E-mail: hfl@heritagefoods.in  
www.heritagefoods.in

## STATUTORY AUDITORS

**M/s. Walker Chandio & Co LLP**

Chartered Accountants  
(FRN: 001076N/N500013),  
7th Floor, Block III, White House,  
Kundan Bagh, Begumpet,  
Hyderabad - 500 016

### INTERNAL AUDITORS

M/s. J V S L & Associates,  
Chartered Accountants – Hyderabad  
M/s. K S Rao & Co,  
Chartered Accountants – Hyderabad  
M/s. E Phalgun Kumar & Co,  
Chartered Accountants – Tirupati

M/s. Ch Veerababu & Co,  
Chartered Accountants – Guntur  
M/s. D H. Rama Associates,  
Chartered Accountants – Ananthapur  
M/s. B V Rao & Co. LLP,  
Chartered Accountants – Vizag  
M/s. Rao & Shyam,  
Chartered Accountants – Vizag  
M/s. P Praveen & Associates – Nellore  
M/s. Khire Khandekar & Kirloskar,  
Chartered Accountants – Sangli  
M/s. M N S & Co,  
Chartered Accountants – Bengaluru  
M/s. R. Raghunathan,  
Chartered Accountants – Salem  
M/s. K. M. Mohandass & Co,  
Chartered Accountants – Chennai  
M/s. G M J & Co,  
Chartered Accountants – Mumbai  
M/s. Gupta Dua & Co,  
Chartered Accountants – New Delhi

## BANKERS CONSORTIUM

Bank of Baroda  
Union Bank of India  
(Earlier Andhra Bank)  
ICICI Bank Limited  
HDFC Bank Limited  
Kotak Mahindra Bank Limited

## LISTING

BSE Limited, Mumbai  
National Stock Exchange of India  
Limited, Mumbai

## REGISTRAR AND TRANSFER AGENTS

Kfin Technologies Private Limited  
CIN: U72400TG2017PTC117649  
Karvy Selenium Building, Tower B,  
Plot No. 31 & 32,  
Financial District, Gachibowli,  
Hyderabad - 500 032, Telangana

## Notice to Members

**NOTICE** is hereby given that the Twenty Ninth (29<sup>th</sup>) Annual General Meeting (AGM) of the members of **HERITAGE FOODS LIMITED** will be held on Friday, July 30, 2021 at 10:30 a.m. (IST) through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) to transact the following business.

The venue of the meeting shall be deemed to be the Registered Office of the Company.

### ORDINARY BUSINESS:

#### 1. To receive, consider and adopt:

- a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2021, the Reports of the Board of Directors and Auditors’ thereon and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors’ thereon, as circulated to the members be and are hereby considered and adopted.”

and

- b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021, the Report of the Auditors’ thereon and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 and the report of Auditors thereon, as circulated to the members be and are hereby considered and adopted.”

#### 2. Declaration of Dividend:

To declare final dividend on equity shares at the rate of (100%) i.e. ₹5/- (Rupees Five Only) per equity share of face value of ₹5/- (Five Rupees) each for the Financial Year ended March 31, 2021 and in this regard, to consider and

if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** a dividend at the rate of 100% i.e. ₹5/- (Rupees Five Only) per equity share of face value of ₹5/- (Rupees Five Only) each fully paid-up Equity Shares of the Company, as recommended by the Board of Directors be and is hereby approved for the financial year ended March 31, 2021.”

#### 3. Re-appointment of Director Retiring by Rotation

To appoint a Director in place of Mrs. N. Brahmani (DIN:02338940), who retires by rotation and being eligible, offers herself for re-appointment and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** in accordance with the provisions of Section 152(6) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, Mrs. N. Brahmani (DIN: 02338940), who retires by rotation at this meeting and being eligible, offers herself for re-appointment, be and is hereby appointed as a Director of the Company.”

### SPECIAL BUSINESS:

#### 4. Re-appointment of Mr. Rajesh Thakur Ahuja (DIN: 00371406) as Non-Executive Independent Director of the company for a period of five years:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and the Articles of Association of the Company, Mr. Rajesh Thakur Ahuja (DIN:

00371406), Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Non-Executive Independent Director of the Company to hold office for second term of five consecutive years with

effect from August 19, 2021 to August 18, 2026 and not liable to retire by rotation.”

**“RESOLVED FURTHER THAT** the Board of Directors, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution”.

By Order of the Board of Directors

**Registered Office:**

#6-3-541/C, Panjagutta,  
Hyderabad – 500 082  
Telangana, India  
CIN: L15209TG1992PLC014332  
Tel.: +91-40-23391221/2  
Fax: +91-40-23318090  
E-mail: hfl@heritagefoods.in  
Date: May 19, 2021

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M. No: FCS-6317  
eCSIN: EF006317A000002335

## Notes

1. Considering the present Covid-19 pandemic 2<sup>nd</sup> wave, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 02/2021 dated January 13, 2021, Circular No. 20/2020 dated May 05, 2020 read together with circulars No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 and (collectively referred to as "MCA Circulars") and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, permitted to convene the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars read with SEBI Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. In compliance with the above MCA Circulars and SEBI Circular, Notice of the AGM along with the 29<sup>th</sup> Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and 29<sup>th</sup> Annual Report 2020-21 will also be available on websites of the Company ([www.heritagefoods.in](http://www.heritagefoods.in)), websites of the stock exchanges, BSE Limited ([www.bseindia.com](http://www.bseindia.com)), National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) and on the website of Company's Registrar & Transfer Agent, KFin Technologies Private Limited (KFinTech) at <https://evoting.kfintech.com>.
3. A statement pursuant to Section 102(1) of the Act, relating to the Special Business to be transacted at the AGM is provided in the Notice.
4. GENERALLY, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE, THIS AGM IS BEING HELD THROUGH VC / OAVM IN PURSUANT TO THE MCA CIRCULARS, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS SHALL NOT BE AVAILABLE FOR THE AGM AND HENCE,
  5. THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED HERETO.
  5. Since, the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
  6. In terms of the provisions of Section 152(6) of the Companies Act, 2013 and rules made there under, Mrs. N. Brahmani (DIN: 02338940), Director liable to retire by rotation at the Meeting and offers herself for re-appointment. The Board of Directors of the Company recommend her re-appointment.
 

The above proposed retirement by rotation shall not alter any terms and conditions with regard to remuneration, tenure of appointment and such other terms and conditions relating to her appointment as an Executive Director of the company for a term of five year (w.e.f. 01.04.2019) as approved by the Members of the Company by way of postal Ballot and remote e-voting, the results of which were declared on March 12, 2019,
  7. Pursuant to Regulations 36(3) of SEBI Listing Obligation and Disclosure Requirements) Regulations, 2015, Section 160 of the Companies Act, 2013 and Secretarial Standards on General Meetings (SS- 2), details in respect of Directors seeking appointment/reappointment of Directorship at 29<sup>th</sup> AGM of the Company to be held on Friday, July 30, 2021 are provided in Annexure-1 of this Notice.
  8. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of SEBI Listing Regulations, SS-2 (Secretarial Standard on General Meeting) issued by the Institute of Company Secretaries of India ("ICSI") and the provisions of the MCA Circulars and SEBI Circular, and any amendments thereto, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the AGM and facility for those Members participating in the AGM to cast their vote through Remote e-Voting. For this purpose, the Company has engaged the services of its Registrar and Share Transfer Agent (RTA) viz. KFin Technologies Private Limited (CIN: U72400TG2017PTC117649), ("KFinTech") Selenium Building, Tower B, Plot No. 31 & 32, Financial District Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, Telangana, India and have made necessary arrangements with RTA to facilitate E-voting. In terms of the MCA & SEBI Circulars, voting can be done only by Remote E-voting/ E-voting. The Members are advised to use the E-voting procedure, as provided in the Notice.

9. (a) The Company has notified closure of Register of Members and Share Transfer Books from Saturday, July 24, 2021 to Friday, July 30, 2021 (both days inclusive) for determining the names of member(s) eligible for dividend on Equity Shares, if declared at the Meeting:

(b) The dividend on equity shares, if approved at the Meeting, shall be credited to the respective bank account of the members of the company on Thursday, August 05, 2021. The dispatch of dividend warrants may take some time due to COVID-19 pandemic.

10. M/s. Walker Chandio & Co LLP, Chartered Accountants (FRN 001076N/500013) was appointed as Statutory Auditors of the Company at the 25th Annual General Meeting held on August 23, 2017 to hold office till the conclusion of the 30th Annual General Meeting of the Company to be held in the year 2022. Pursuant to notification no: G.S.R. 432 (E) issued by the Ministry of Corporate Affairs Govt. of India on May 7, 2018 amending the provision of section 139 of the Companies Act, 2013 and the Rules framed there under, the mandatory requirement for ratification of appointment of Statutory Auditors by the Members at every Annual General Meeting (AGM) has been omitted/deleted and hence the Board is not proposing to the members for ratification of appointment of Statutory Auditors at this AGM. The Board of Directors were empowered by the members of the company to fix the remuneration of the Statutory Auditor on yearly basis.

11. Members may avail facility of nomination in terms of Section 72 of the Companies Act, 2013, by nominating any person to whom their shares in the Company shall vest in the event of their death.

### DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

12. As per the MCA Circulars and SEBI Circular the notice of the AGM along with the 29<sup>th</sup> Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and 29<sup>th</sup> Annual Report 2020-21 will also be available on the Company's website i.e. [www.heritagefoods.in](http://www.heritagefoods.in), websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of Company's Registrar and Transfer Agent, KFin Technologies Private Limited ("KFinTech") at <https://evoting.kfintech.com>

13. For receiving all communication (including 29<sup>th</sup> Annual Report for FY 2020-21) from the Company electronically:

- a) Members holding shares in physical mode and who have not registered/ updated their email address with the Company are requested to register / update the same by writing to the Company with details of folio number(s) and attaching a self-attested copy of PAN card at [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in) or to KFinTech at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
- b) Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant (DP).

### PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

14. The Company will provide VC / OAVM facility to its Members for participating at the AGM.

- a) Members will be able to attend the AGM through VC / OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials.

Members are requested to follow the procedure given below:

- i. Launch internet browser (chrome/firefox/safari/explorer) by typing the URL: <https://emeetings.kfintech.com>
- ii. Enter the login credentials (i.e., User ID and password)
- iii. After logging in, click on "Video Conference" option
- iv. Then click on camera icon appearing against AGM event of Heritage Foods Limited to attend the Meeting.

- b) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.

Members who would like to express their views or ask questions during the AGM may register themselves by logging on to <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be opened during Tuesday, July 27, 2021 to Wednesday, July 28, 2021. Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.

Notice

- c) Members will be allowed to attend the AGM through VC / OAVM on first come, first serve basis. The large members (i.e. members holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the 29<sup>th</sup> AGM without any restriction on account of first-come-first-serve principle.
- d) Members may join the 29<sup>th</sup> AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 10:00 a.m. (IST) i.e. 30 minutes before the time scheduled to start the 29<sup>th</sup> AGM and shall be kept open throughout the proceedings of the AGM.
- e) Members who need any assistance before or during the AGM, can contact KFinTech on [emeetings@kfintech.com](mailto:emeetings@kfintech.com) or call on toll free numbers 1800-309-4001. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.

- 15. In case of joint holders attending the Meeting, only such joint holder who is entitled to vote at the AGM will be allowed to vote.
- 16. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.
- 17. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM.

**18. PROCEDURE FOR REMOTE E-VOTING AND E-VOTING AT THE AGM:**

- i. The Company has engaged the services of KFinTech as the agency to provide electronic voting facility.

The Board of Directors of the Company has appointed Mrs. Savita Jyoti, Partner of M/s. Savita Jyoti Associates, Practicing Company Secretaries (M No: FCS -3738, CP No: 1796), as Scrutinizer to scrutinise the electronic voting and Insta Poll process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose and Scrutinizer’s decision on the validity of the E-voting will be final.

In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by

KFintech , on all the resolutions set forth in this Notice. The instructions for e-Voting are given herein below.

- ii. However, in pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on “e-Voting facility provided by Listed Companies”, e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.
- iii. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Members are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
- iv. The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting	From 9.00 a.m.(IST) on Tuesday, July 27, 2021
End of remote e-voting	Up to 5.00 p.m.(IST) on Thursday, July 29, 2021

- v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e., Friday, July 23, 2021.
- vi. Any person holding shares in physical form and non-individual members, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@kfintech.com](mailto:evoting@kfintech.com). However, if he / she is already registered with KFintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.
- vii. In case of Individual members holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under “Login method for remote e-Voting and joining virtual meeting for Individual members holding securities in demat mode.”
- viii. The details of the process and manner for remote e-Voting and e-AGM are explained herein below:

- Step 1 :** Access to Depositories e-Voting system in case of individual members holding shares in demat mode.
- Step 2 :** Access to KFintech e-Voting system in case of members holding shares in physical and non-individual members in demat mode.
- Step 3 :** Access to join virtual meetings (e-AGM) of the Company on KFin system to participate e-AGM and vote at the AGM.

## Details on Step 1 are mentioned below:

l) Login method for remote e-Voting for Individual members holding securities in demat mode.

Type of members	Login Method
Individual Members holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1. <b>User already registered for IDEAS facility:</b> <ol style="list-style-type: none"> <li>I. Visit URL: <a href="https://eservices.nSDL.com">https://eservices.nSDL.com</a></li> <li>II. Click on the “Beneficial Owner” icon under “Login” under ‘IDEAS’ section.</li> <li>III. On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting”</li> <li>IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</li> </ol> </li> <li>2. <b>User not registered for IDEAS e-Services</b> <ol style="list-style-type: none"> <li>I. To register click on link : <a href="https://eservices.nSDL.com">https://eservices.nSDL.com</a></li> <li>II. Select “Register Online for IDEAS” or click at <a href="https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>III. Proceed with completing the required fields.</li> <li>IV. Follow steps given in points 1</li> </ol> </li> <li>3. <b>Alternatively by directly accessing the e-Voting website of NSDL</b> <ol style="list-style-type: none"> <li>I. Open URL: <a href="https://www.evoting.nSDL.com/">https://www.evoting.nSDL.com/</a></li> <li>II. Click on the icon “Login” which is available under ‘Shareholder/Member’ section.</li> <li>III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>IV. Post successful authentication, you will be requested to select the name of the company and the e-Voting Service Provider name, i.e.KFintech.</li> <li>V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.</li> </ol> </li> </ol>
Individual Members holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. <b>Existing user who have opted for Easi / Easiest</b> <ol style="list-style-type: none"> <li>I. Visit URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>II. Click on New System Myeasi</li> <li>III. Login with your registered user id and password.</li> <li>IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal.</li> <li>V. Click on e-Voting service provider name to cast your vote.</li> </ol> </li> <li>2. <b>User not registered for Easi/Easiest</b> <ol style="list-style-type: none"> <li>I. Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>II. Proceed with completing the required fields.</li> <li>III. Follow the steps given in point 1</li> </ol> </li> <li>3. <b>Alternatively, by directly accessing the e-Voting website of CDSL</b> <ol style="list-style-type: none"> <li>I. Visit URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>II. Provide your demat Account Number and PAN No.</li> <li>III. System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>IV. After successful authentication, user will be provided links for the respective ESP, i.e <b>KFintech</b> where the e- Voting is in progress.</li> </ol> </li> </ol>

Notice

Individual Member login through their demat accounts / Website of Depository Participant	<ol style="list-style-type: none"> <li>I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility.</li> <li>II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</li> <li>III. Click on options available against company name or e-Voting service provider – <b>Kfintech</b> and you will be redirected to e-Voting website of <b>KFintech</b> for casting your vote during the remote e-Voting period without any further authentication.</li> </ol>
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Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**Details on Step 2 are mentioned below:**

ii) Login method for e-Voting for members other than Individual’s members holding securities in demat mode and members holding securities in physical mode.

**(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from Kfintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:**

- i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Kfintech for e-voting, you can use your existing User ID and password for casting the vote.
- iii. After entering these details appropriately, click on “LOGIN”.

- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the “EVEN” i.e., ‘Heritage Foods Limited - AGM’ and click on “Submit”
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially “AGAINST” but the total number in “FOR/ AGAINST” taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on “Submit”.

- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting. Together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id savitajyotiassociates05@gmail.com with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com). The scanned image of the above-mentioned documents should be in the naming format "Corporate Name\_Even No."

**(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:**

- i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobileereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
- ii. Alternatively, member may send an e-mail request at the email id [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
- iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

**Details on Step 3 are mentioned below:**

- III) Instructions for all the members, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.
  - i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/KFintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.
  - ii. Facility for joining AGM though VC/ OAVM shall open atleast 30 minutes before the commencement of the Meeting.
  - iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
  - iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  - v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at [emeetings@kfintech.com](mailto:emeetings@kfintech.com). Questions /queries received by the Company till July 28, 2021 shall only be considered and responded during the AGM.
  - vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the

Notice

voting icon displayed on the screen to cast their votes.

- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for atleast 2000 members on first come first served basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

**Other Instructions**

- I. Speaker Registration: The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will opened from Tuesday, July 27, 2021 to Wednesday, July 28, 2021. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. Post your Question: The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will opened from Tuesday, July 27, 2021 to Wednesday, July 28, 2021.
- III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (Kfintech Website) or contact Ms. Shobha Anand, Deputy General Manager, at [evoting@kfintech.com](mailto:evoting@kfintech.com) or call Kfintech's toll free No. 1-800-309-4001 for any further clarifications.
- IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, July 23, 2021, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a

resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

- V. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
  - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
    1. Example for NSDL:
    2. MYEPWD <SPACE> IN12345612345678
    3. Example for CDSL:
    4. MYEPWD <SPACE> 1402345612345678
    5. Example for Physical:
    6. MYEPWD <SPACE> XXXX1234567890
  - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - iii. Members who may require any technical assistance or support before or during the AGM are requested to contact Kfintech at toll free number 1-800-309-4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).
- VI. The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting (Insta Poll) and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairperson. The result of e-voting will be declared within forty-eight hours of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company: [www.heritagefoods.in](http://www.heritagefoods.in) and on the website of KFinTech at: <https://evoting.kfintech.com>. The result will simultaneously be communicated to the stock exchanges, where the shares of the company are listed.

Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the Meeting, i.e., Friday, July 30, 2021.

## PROCEDURE FOR INSPECTION OF DOCUMENTS:

19. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM.

All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in).

Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Friday, July 23, 2021 through email on [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in). The same will be replied by the Company suitably.

## DIVIDEND RELATED INFORMATION

20. The Board of Directors recommended a final dividend on equity shares at the rate of (100%) i.e. ₹5/- per Equity Share of face value of ₹ 5/- each for the Financial Year ended on March 31, 2021, subject to approval of the Members at the AGM, the dividend will be paid on Thursday, August 05, 2021, to the Members whose names appear on the Company's Register of Members as on the Record Date and in respect of the shares held in dematerialised mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
21. The Company has notified closure of Register of Members and Share Transfer Books from Saturday, July 24, 2021 to Friday, July 30, 2021 (both days inclusive) for determining the names of member(s) eligible for dividend on Equity Shares, if declared at the Meeting.
22. As per relevant Circulars, payment of dividend shall be made through electronic mode to the members who have updated their bank account details. Dividend warrants / demand drafts will be dispatched to the registered address of the members who have not updated their bank account details, after normalisation of the postal services. To avoid delay in receiving dividend, members are requested to update their bank account details with their Depository Participants in case securities are held in demat mode and members holding securities in physical

form should send a request for updating their bank details to the Company's Registrar & Share Transfer Agents.

23. Payment of Dividend shall be subject to deduction of tax at source (TDS) at applicable rates as notified by the Government of India.
24. Members are requested to notify immediately any change of address and other relevant correspondence including NECS/ECS/NEFT/RTGS details and submission of Permanent Account Number (PAN):
- to their Depository Participants (DPs) in respect of their electronic share accounts; and
  - to the Company at its registered office or the Registrar & Transfer Agent, M/s KFin Technologies Private Limited (Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032) in respect of their physical shares, if any, quoting their folio number, Banker's name and account number to ensure prompt and safe receipt of dividend warrants
25. Manner of registering mandate for receiving Dividend:
- with their Depository Participant(s) with whom they maintain their demat accounts if shares are held in dematerialised mode by submitting the requisite documents, and
  - with the Company / KFinTech by clicking on <https://ris.kfintech.com/form15> or by emailing at [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in) or [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com), if shares are held in physical mode, by submitting scanned copy of the (i) signed request letter which shall contain member's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details), (ii) self-attested copy of the PAN card and (iii) cancelled cheque leaf. In case shares are held in dematerialised mode, details in a form prescribed by your Depository Participant may also be required to be furnished.
26. Pursuant to the amendments introduced by the Finance Act, 2020 the Company will be required to withhold taxes at the prescribed rates on the dividend paid to its members w.e.f. April 01, 2020. No tax will be deducted on payment of dividend to the resident individual members if the total dividend paid does not exceed ₹5,000/-, The withholding tax rate would vary depending on the residential status of the member and documents registered with the Company as follows

Notice

**A. RESIDENT MEMBERS:**

A.1 Tax Deductible at Source for Resident Members

Sl No	Particulars	Withholding tax rate	Documents required (if any)
1	Valid PAN updated in the Company's Register of Members	10%	No document required (if no exemption is sought)
2	No PAN/Valid PAN not updated in the Company's Register of Members	20%	No document required (if no exemption is sought)
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority

A.2 No Tax Deductible at Source on dividend payment to resident members if the Members submit and register following documents as mentioned below table with the Company / Kfintech

Sl No	Particulars	Withholding tax rate	Documents required (if any)
1	Submission of form 15G/15H	NIL	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an individual who is 60 years and above), fulfilling certain conditions
2	Members to whom section 194 of the Income Tax, 1961 does not apply such as LIC, GIC, etc.	NIL	Documentary evidence that the said provisions are not applicable
3	Member covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds.	NIL	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961
4	Category I and II Alternative investment Fund	NIL	SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961
5	<ul style="list-style-type: none"> <li>Recognised provident funds</li> <li>Approved superannuation fund</li> <li>Approved gratuity fund</li> </ul>	NIL	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)
6	National Pension Scheme	NIL	No TDS as per section 197A (1E) of Income Tax Act, 1961

**B. NON-RESIDENT MEMBERS:**

Withholding tax on dividend payment to non-resident members if the non-resident members submit and register following document as mentioned in the below table with the Company / RTA.

Sl No	Particulars	Withholding tax rate	Documents required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FPI registration number / certificate
2	Other Non-resident members	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty following tax documents would be required: <ol style="list-style-type: none"> <li>Tax Residency certificate issued by revenue authority of country of residence of member for the year in which dividend is received</li> <li>PAN</li> <li>Form 10F filled &amp; duly signed</li> <li>Self-declaration for non-existence of permanent establishment/ fixed base in India</li> </ol> (Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident member and review to the satisfaction of the Company)
3	Indian Branch of a Foreign Bank	NIL	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank
4	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority

**Notes:**

- The Company will issue soft copy of the TDS certificate to its members through email registered with the Company / Kfintech post payment of the dividend. Members will be

able to download the TDS certificate from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).

- ii. The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be uploaded on the link <https://ris.kfintech.com/form15/> on or before July 20, 2021 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post July 20, 2021 shall not be considered.
- iii. Application of TDS rate is subject to necessary verification by the Company of the member details as available in Register of Members as on the Record Date and other documents available with the Company / RTA.
- iv. In case TDS is deducted at a higher rate, an option is still available with the member to file the return of income and claim an appropriate refund.
- v. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member(s), such Member(s) will be responsible to indemnify the Company and also provide the Company with all information/documents and co-operation in any appellate proceedings.
- vi. This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Members should consult their tax advisors for requisite action to be taken by them.

### IEPF RELATED INFORMATION:

27. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules as amended from time to time, the Company has uploaded the details of unclaimed/ unpaid amounts lying with the Company as on August 28, 2020 (date of last Annual General Meeting) on the website of the Company ([www.heritagefoods.in](http://www.heritagefoods.in)) and also on the website of the Ministry of Corporate Affairs, the information in respect of such unclaimed/ unpaid dividend and the last date for claiming the same are given below:

Financial year ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Unclaimed/Unpaid Dividend as on March 31, 2021	
			Amount outstanding (₹ in Rupees)	No of Shares
2013-14	26-09-2014	29-10-2021	23,25,168	775056
2014-15	24-09-2015	28-10-2022	22,59,102	753034
2015-16	19-08-2016	22-09-2023	17,67,753	589251
2016-17	23-08-2017	25-09-2024	30,21,884	755471
2017-18	30-08-2018	02-10-2025	15,58,172	779086
2018-19	30-08-2019	02-10-2026	14,97,988	748994
2019-20	28-08-2020	01-10-2027	17,43,684	697474

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C(2) of the Companies Act, 1956] read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time the unclaimed/unpaid dividend amount of 1,115,461/- (Eleven Lakhs Fifteen Thousand Four Hundred Sixty One Only) for the year 2012-13 was transferred to the Investor Education and Protection Fund during the financial year 2020-21.

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, all shares on which dividend has not been claimed/paid for seven consecutive years or more shall be transferred to IEPF Authority.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred 63,880 equity shares belongs to 61 members of the company to Investor Education and Protection fund Authority (IEPF) on October 16, 2020 of those members who have not claimed the dividends for a continuous period of 7 years.

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time the unclaimed/unpaid dividend and the shares thereof pertaining for the financial year 2013-14 shall be transferred to the Investor Education and Protection Fund during the financial year 2021-22. The members who have not claimed their dividend are requested to claim it as the earliest possible.

Details of shares so far transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: <https://www.heritagefoods.in/iepf>.

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account

Notice

Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Registrar/Company.

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), securities of listed companies can only be transferred in dematerialised form with effect from April 1, 2019, except in case of transmission or transposition of securities. In view of the above, Members are advised to dematerialise shares held by them in physical form.

**OTHER INFORMATION**

- 28. Members holding shares in physical mode are:
  - a) required to submit their Permanent Account Number (PAN) and bank account details to the Company / KFinTech at <https://karisma.kfintech.com/members>, if not registered with the Company/ KFinTech, as mandated by SEBI by writing to the Company at [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in) or to KFinTech at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with the details of folio no., self- attested copy of PAN card, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) and cancelled cheque.
  - b) advised to register nomination in respect of their shareholding in the Company.
- 29. Members holding shares in electronic mode are:
  - a) requested to submit their PAN and bank account details to their respective Depository Participants ("DPs") with whom they are maintaining their demat accounts.
  - b) advised to contact their respective DPs for registering nomination.
- 30. Non-Resident Indian members are requested to inform KFinTech / respective DPs, immediately of:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- 31. Members holding shares in electronic form may note that bank particulars registered against their respective

depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents i.e. [KFin Technologies Private Limited ("KFin")] cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the member(s).

- 32. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / RTA.
- 33. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository. Those members, who desire to receive notice / documents through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to his/her Depository Participant / the Company's Registrar & Share Transfer Agent as the case may be. Members who have not registered their e-mail address either with the Company or with the Depository are requested to register as soon as possible
- 34. Members may also note that the 29<sup>th</sup> Annual Report for the financial year 2020-21 will also be available on the Company's website [www.heritagefoods.in](http://www.heritagefoods.in). For any communication, the members may also send requests to the Company's investor email id: [umakanta@heritagefoods.in](mailto:umakanta@heritagefoods.in).

By Order of the Board of Directors

**Registered Office:**  
 #6-3-541/C, Panjagutta,  
 Hyderabad – 500 082  
 Telangana, India  
 CIN: L15209TG1992PLC014332  
 Tel.: +91-40-23391221/2  
 Fax: +91-40-23318090  
 E-mail: [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in)  
 Date: May 19, 2021

**Umakanta Barik**  
 Company Secretary &  
 Compliance Officer  
 M. No: FCS-6317

# Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013

The following explanatory Statement sets out all the material facts relating to the Special Business mentioned in Item No. 4 of the Notice of AGM dated May 19, 2021:

## Item No: 4

Mr. Rajesh Thakur Ahuja (DIN: 00371406) was appointed as a Non-Executive Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014, by the members at the 24<sup>th</sup> Annual General Meeting (AGM) of the Company held on 19<sup>th</sup> August, 2016 ("first term" as per the explanation to Section 149(10) and 149(11) of the Act) for a period of five consecutive years from August 19, 2016 to August 18, 2021

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a Special Resolution by the Company for another term of upto five consecutive years on the Board of such Company.

The Nomination & Remuneration Committee at its Meeting held on May 19, 2021, after taking into account the performance evaluation of Mr. Rajesh Thakur Ahuja (DIN: 00371406), during his first term of five years and considering the knowledge, acumen, expertise, experience and the substantial contribution made by him during his tenure as Non-Executive Independent Director since his appointment, has recommended to the Board that continued association of Mr. Rajesh Thakur Ahuja as Non-Executive Independent Director would be in the interest of the Company. Pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and on the recommendation of the Nomination & Remuneration Committee and the Board, Mr. Rajesh Thakur Ahuja (DIN: 00371406) being eligible for re-appointment as an Non-Executive Independent Director and offered himself for reappointment. Accordingly, it is proposed to re-appoint him as Non-Executive Independent Director of the Company for a second term of five consecutive years commencing from August 19, 2021 to August 18, 2026 and not liable to retire by rotation.

The Company has also received the following from Mr. Rajesh Thakur Ahuja:-

- (i) Declaration stating that he meets the criteria of Independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (ii) the consent in writing to act as Non-Executive Independent Director;
- (iii) intimation that he is not disqualified under section 164 of the Companies Act, 2013 and
- (iv) a declaration to the effect that he is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI).

In the opinion of the Board, Mr. Rajesh Thakur Ahuja is a young and dynamic personality. He made valuable contribution to the Company during his first tenure and has knowledge about the dairy industry and investment in other sectors. The Board also discussed his performance based on the criteria of performance evaluation lead by Nomination and Remuneration Committee of the Board and Mr. Rajesh Thakur Ahuja (DIN: 00371406) fulfils the conditions specified in Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time for his re-appointment as a Non-Executive Independent Director of the Company and is independent of the management.

## Notice

Brief profile of Mr. Rajesh Thakur Ahuja (DIN: 00371406), nature of his expertise in specific functional areas and names of companies in which he holds directorships and membership(s) /chairmanship(s) of Board / Committee(s), shareholding and relationships between directors inter-se as stipulated under SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 are forming part of the Annual Report.

In terms of proviso to sub-section (5) of Section 152, the Board of Directors is of the opinion that Mr. Rajesh Thakur Ahuja fulfils the conditions specified in the Act for his appointment as an Independent Directors.

Copy of letter of appointment of Mr. Rajesh Thakur Ahuja (DIN: 00371406) setting out the terms and conditions of appointment would be available for inspection by the member(s) of the Company during the business hours i.e. 10.00 a.m to 5.00 p.m. on all working days.

Mr. Rajesh Thakur Ahuja (DIN: 00371406) is interested in the resolution set out at item no.4 of the Notice. None of the other Director(s) / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Resolution for re-appointment of the Independent Director set out at item no. 4 of notice of the AGM as Special Resolution for approval.

By Order of the Board of Directors

**Registered Office:**

#6-3-541/C, Panjagutta,  
Hyderabad – 500 082  
Telangana, India  
CIN: L15209TG1992PLC014332  
Tel.: +91-40-23391221/2  
Fax: +91-40-23318090  
E-mail: hfl@heritagefoods.in  
Date: May 19, 2021

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M. No: FCS-6317

## ANNEXURE-1

### Information of Director seeking re-appointment under Section 152 of the Companies Act, 2013, Regulation 36(3) of the SEBI (Listing Obligations and Requirements) Regulations, 2015 and Secretarial Standard-2

Brief resume of the Director, nature of his/her expertise in specific functional areas, names of Companies in which he hold directorships and chairmanships of Board / Committees and their shareholding in the Company are provided below:

1. Name of the Director	Mrs. N.Brahmani	
Director Identification Number	02338940	
Date of Birth	21-12-1987	
Date of First Appointment	01-06-2013	
Profile/ Qualifications & Experience	Mrs. N. Brahmani, aged 33 years is holding Master's Degree in Business Administration from Stanford University, Bachelor of Science degree in Electrical Engineering from Santa Clara University, Santa Clara, California, USA and Communication Engineering from Chaitanya Bharathi Institute of Technology, Hyderabad, India. She worked as an Investment Associate in M/s. Vertex Venture Management Pte. Ltd., Singapore for a period of two years before joining in the Company. She served as Executive Director in the Company since June 1, 2013. She is to design, develop and implement strategic plans for the organization in a cost-effective and time-efficient manner.	
Remuneration Proposed to be paid	As per the terms of appointment approved by the Members of the Company by way of postal Ballot and remote e-voting, the results of which were declared on March 12, 2019	
List of Directorships held in other Companies/ LLP as on 31/03/2021*	Company Type	Name
	Private Limited	Nirvana Holdings Private Limited Megabid Finance & Investment Private Limited Heritage Novandie Foods Private Limited
	Public Limited	Heritage Nutrivet Limited Heritage Finlease Limited
	LLP	Nil
Chairman/Member of the Committees of the Boards of other companies in which he is Director as on 31/03/2021	Nil	
Shareholding in the Company	2,03,200 Equity Shares	
Relationship with Other Directors, Manager and other Key Managerial Personnel of the Company	Daughter-in-law of Mrs. N Bhuvaneswari, Vice Chairperson and Managing Director	
*Directorship/Chairmanship/Membership in Heritage Foods Ltd is not included here.		

In order to comply with the provisions of section 152 (6) of the Companies Act, 2013 and rules applicable thereunder, the appointment of Mrs. N .Brahmani (DIN: 02338940) is liable to retire by rotation at this Annual General Meeting, being eligible offers herself for re-appointment. The above proposed retirement by rotation shall not alter any terms and conditions with regard to remuneration, tenure of appointment and such other terms and conditions relating to her appointment as an Executive Director of the company for a term of five year (w.e.f. 01.04.2019) as approved by the members of the Company by way of postal Ballot and remote e-voting, the results of which were declared on March 12, 2019,

Notice

2. Name of the Director		Mr. Rajesh Thakur Ahuja
Director Identification Number	00371406	
Date of Birth	02-05-1971	
Date of First Appointment	23-03-2016	
Profile/ Qualifications & Experience	Mr. Ahuja is a graduate in Production Engineering from Pune University Engineering College. He has completed Owner President Management Programme at Harvard University, USA. He started Silver Line Wire Products in 1993 as a manufacturer of plastic-coated wire products for household applications. He is also on the board of several other companies. He is an expert in the areas of Strategy Planning, Mergers & Acquisitions; Leadership; Sales & Marketing; and Finance.	
Remuneration Proposed to be paid	Will be entitled to sitting fees and reimbursement of actual conveyance, travelling and other expenses for attending the Board and Committee Meetings of the Company.	
List of Directorships held in other Companies/ LLP as on 31/03/2021*	Company Type	Name
	Public Limited	Heritage Nutrivet Limited
	Private Limited	M/s. Kitchen Creations Private Limited M/s. Palmleaf Furnitech Private Limited MRJ Home Improvement Private Limited
	LLP	B-More Consulting LLP Superbuild Projects LLP Maestro Kitchens and Wardrobes LLP
Chairman/Member of the Committees of the Boards of other companies in which he is Director as on 31/03/2021	Nil	
Shareholding in the Company	Nil	
Relationship with Other Directors, Manager and other Key Managerial Personnel of the Company	Not related to any Director / Key Managerial Personnel	
*Directorship/Chairmanship/Membership in Heritage Foods Ltd is not included here.		

By Order of the Board of Directors

**Registered Office:**

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Date: May 19, 2021

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M. No: FCS-6317

# Board's Report

To the Members,

Your Directors have a great pleasure in presenting the Twenty Ninth (29<sup>th</sup>) Annual Report together with the Standalone & Consolidated Audited Financial Statements of your Company for the Financial Year ended March 31, 2021.

## Financial Results and Performance

The Company's financial performance for the year ended March 31, 2021 is summarized below:

Particulars	(₹ in Millions)	
	Standalone	
	FY 2020-21	FY 2019-20
Net Sales	24067.87	26795.94
Other Operating Income	2.42	15.13
<b>Total Revenue</b>	<b>24070.29</b>	<b>26811.06</b>
Add: i) Other Income	84.07	83.24
ii) Gain due to changes in fair value of derivative Liability	-	2944.89
<b>Total Income</b>	<b>24154.36</b>	<b>29839.19</b>
Less: i) Total Expenditure	21525.36	25481.47
ii) Fair value loss on FVTPL equity securities	48.12	5116.06
<b>Profit/(Loss) before Finance cost, Depreciation, Amortisation Expense and Tax</b>	<b>2580.88</b>	<b>(758.33)</b>
Less: i) Finance cost	178.48	208.07
ii) Depreciation and Amortisation Expense	440.54	480.36
<b>Profit/(Loss) before tax</b>	<b>1961.86</b>	<b>(1446.76)</b>
Less: i) Provision for current Tax	500.37	185.05
ii) Provision for deferred taxation	9.85	(31.77)
<b>Profit/(Loss) after tax</b>	<b>1451.64</b>	<b>(1600.04)</b>

## Performance of the Company

### Standalone

Your Company, during the year under review earned revenue from operations (Gross) of ₹24,070.29 Million, against ₹26,811.06 million over the previous year. The profit/(loss) before Finance Cost, depreciation & amortization and tax was of ₹2,580.88 Millions as against ₹(758.33) Million in the previous year.

The Profit After Tax for the current year is ₹ 1,451.64 Million against ₹(1,600.04) Million in the previous year.

## Consolidated

Your Company, during the year under review earned revenue from operations (Gross) of ₹24,731.13 Million, against ₹27,259.04 million over the previous year. The profit/(loss) before Finance Cost, depreciation & amortization and tax was of ₹2,679.24 Millions as against ₹ (806.10) Million in the previous year.

The Profit After Tax for the current year is ₹ 1490.50 Million against ₹(1687.23) Million in the previous year.

Your Company has complied with all the Acts, Rules, Regulations and Guidelines issued/prescribed by the Securities Exchange Board of India, Reserve Bank of India, Ministry of Corporate Affairs and other statutory authorities.

## Transfer to General/Other Reserves

Your Directors do not propose to transfer any amount to general/other reserves for the financial year ended March 31, 2021.

## Dividend

Your Directors have pleasure in recommending a dividend of 100% i.e. ₹5/- per equity share of face value of ₹5/- each for the financial year ended March 31, 2021 at their meeting held on May 19, 2021 amounting to ₹231.99 Million. The dividend payout is subject to approval of members at the ensuing Annual General Meeting. The Board of Directors recommended the dividend of 100%, the 1st time in the history of the Company keeping in view of the profitability and realisation of the sale of investment in Future Retail Limited during the year and keeping the view of the dividend distribution policy of the Company. Similar kind of dividend may or may not be recommend in the future years. The Register of Members and Share Transfer Books will remain closed from Saturday, July 24, 2021 to Friday, July 30, 2021 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2021. The Annual General Meeting is scheduled to be held on July 30, 2021.

## Dividend Distribution Policy

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has formulated and adopted a Dividend Distribution Policy with the objective of providing clarity to its stakeholders on the profit distribution strategies of the Company. During the year, the said Policy has been reviewed by the Board of Directors of the Company and hosted on the website of the Company at <https://www.heritagefoods.in/policy>

## Share Capital

The Authorised Share Capital of the Company as on March 31, 2021 was ₹ 500,000,000/- divided into 9,60,00,000 equity shares of ₹5/- each and 20,00,000 preference shares of ₹10/- each. The paid up Equity Share Capital as on March 31, 2021 stood at ₹ 23,19,90,000/- divided into 4,63,98,000 equity shares face value of ₹ 5/- each. During the year under review, the Company has not issued any shares including shares with differential voting rights, not granted any stock options and not issued any sweat equity share to its employees/directors. As on March 31, 2021, none of the Directors of the Company holds any instruments convertible into equity shares of the Company. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

## Deposits

Your Company has not accepted any deposits from the Directors/ Members/Public pursuant to Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014, and hence there are no unpaid/unclaimed deposits nor amount of principal or interest on public deposits was outstanding as on the Balance Sheet date.

## Buy Back of shares and disinvestment

The Company has not bought back any of its shares during the Financial Year ended March 31, 2021.

The Company during the year under review has disposed off its entire holdings/investment of 1,78,47,420 equity shares in Future Retail Limited (CIN:L51909MH2007PLC268269). The above shares were allotted by Future Retail Limited on 27<sup>th</sup> July, 2017 as per the composite scheme of Arrangement entered amongst the Company, Heritage Nutrivet Limited (Formerly known as Heritage Foods Retail Limited) and Future Retail Ltd (FRL). These shares were sold through Stock Exchange in Open Market in various tranches and the net amount of ₹1,319.4 million was received by the company.

Further the Company has disposed off its entire holdings/ Investments of 8,92,371 equity shares held in Praxis Home Retail Limited. The above shares were allotted to the Company by Praxis Home Retail Limited (CIN:L52100MH2011PLC212866), pursuant to the Composite Scheme of Arrangement among Future Retail Limited and Bluerock eServices Private Limited and Praxis Home Retail Limited on 8<sup>th</sup> December, 2017. The shares were sold through Stock Exchange in Open Market in various tranches and the net amount of ₹39.4 million was received by the company.

The above said proceeds were utilised by the company for the repayment of the Term loans and working capital.

## Particulars of Loans, Guarantees or Investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 forms part of the notes (note no. 20) to the standalone financial statements provided in this Annual Report. The Company has given corporate guarantee as at March 31, 2021 of ₹ 207.50 Million for the credit facilities availed by its wholly owned subsidiary Company namely M/s. Heritage Nutrivet Limited (CIN:U15400TG2008PLC062054) (the outstanding as on March 31, 2021 was ₹ 115.61 Million and ₹ 220 Million for the credit facilities availed by its joint venture Company namely Heritage Novandie Foods Private Limited (CIN: U74999TG2017PTC120860) (the outstanding as on March 31, 2021 was ₹ 149.54 Million).

## Particulars of Contract or Arrangements made with Related Parties

The particulars of contracts or arrangements with related parties as per Section 188 of the Companies Act, 2013 and rules made thereof as amended from time to time and as per the Related Party Transaction (RPT) policy the Company during the financial year ended March 31, 2021 in prescribed Form AOC-2 is annexed to this Board's Report (Annexure-1). Further there are no materially significant related party transactions during the year under review with Promoters, Directors, Key Managerial Personnels and their relatives, which may have potential conflict with interest of the company at large. The related party transactions were placed before the audit committee and also to the Board at their respective meetings for approval. All related party transactions entered during the year were in the ordinary course of business and at arm's length basis. Details of the related party transactions during the year are part of the financial statements forming part of this Annual Report.

## Material changes and commitments affecting financial position between the end of the financial year and date of report

There are no material changes and commitments affecting financial position of the company, which occurred after the end of the financial year i.e., March 31, 2021, except the impact of Covid-19 second wave pandemic on the business operation of the Company as follows:

The Company is categorised under "Essential Commodities" as per the notification issued by Ministry of Home Affairs (MHA) Govt. of India, for supply of Milk and Milk Products. The pandemic has not had any material adverse impact on the company's business, although the sales of milk and value-added products have come down because of the lockdown. Transportation has also been impacted initially to some extent due to absenteeism of drivers. All the milk supplied by farmers was procured and processed during the lockdown period.

However, the availability of raw materials and the supply chain of the company are not affected

The Company has taken conscious decision to balance uninterrupted operations and ensuring a safe working environment. The company is continuously ensuring a safe working environment to its employees by sanitizing its work place regularly. Your Company has complied with the COVID-19 guidelines issued by the Government of India and the respective State Governments.

In view of the same and considering the MCA circulars, your Company will be convening the 29<sup>th</sup> AGM through VC/ OAVM without the physical presence of the members at a common venue. However the deemed venue for the AGM shall be the Registered Office of the Company.

### **Schedule, if any, for restarting the operations;**

Since the Company's operations are fully functional, this question does not arise.

### **Steps taken to ensure smooth functioning of operations**

The Company has put in place strict monitoring process for Covid-19 precautions ensuring the following

- Sanitizing the premises and vehicles on regular basis
- Maintenance of social distancing at all work places
- Enforcing wearing of masks and regular cleaning of hands with soap water
- Regular update of the health of all the employees and their families
- Thermal scanning of all the employees while entering the office premises
- Asking all employees to install Aarogya Setu App and follow the instructions thereof

The Company has been regularly conducting awareness programs for all its employees. All employees of the Company have been communicated about the measures taken by the Company through mails and video conferencing calls, virtual town-hall meetings which includes video-clip discussions from the desk of Vice Chairperson & Managing Director and Executive Director of the Company explaining about the steps required to be taken by individuals to maintain safety.

### **Estimation of the future impact of CoVID-19 on its operations;**

As explained above, due to COVID-19 there has not been any material adverse impact on the Company's performance in terms of top-line and bottom-line.

### **Capital and financial resources**

The Company does not plan to raise any capital in the near future and hence there is no impact. Presently, the Company doesn't need any additional funding from Banks/ Financial Institutions. However, already sanctioned long-term loans and working capitals are honoured by the Banks/ Financial Institutions without any additional rate of interest and covenants. During the Financial year 2020-21 the company has prepaid its Long Term Loans and Debts amounting to ₹ 1771.93 million.

### **Profitability ,**

As mentioned earlier, the profits are not adversely impacted. The transportation segment which acts as an enabler is marginally impacted. As of now, it can be concluded that the Covid-19 impact on profits will not be material. However the company has recorded highest ever profit before tax for the financial year 2020-21.

### **Liquidity position**

The Company operates on cash-and-carry basis of its substantial business, however collection from some of the debtors has been impacted marginally with some of the customers requested for a deferred payment schedule which the company keeping in mind the long term relationship has accepted. The Company has been meeting all its financial obligations.

### **Ability to service debt and other assets /financing arrangements**

The Company has not availed moratorium for any of its installment payments and has never defaulted on any interest or loan installment and does not see any issue meeting future obligations too. None of the assets of the Company have been impacted or impaired by the Covid-19.

### **Internal financial reporting and control**

The Company has robust Internal Financial Control (IFC) system in place and all its locations are well networked with S4 Hana SAP System. Even during the lockdown with a combination of staff working from the plants and/ offices etc., and all others working from home, all reporting systems worked seamlessly without any disruption

**Supply chain**

As the Company has been categorized under “essential commodities” by Central Government, there has been less impact of supply chain inward-and-outward. The situation is improving and we expect normal operations in this segment soon.

**Demand for its products/services**

During the crisis, there has been no impact on the supplies though there was a drop in sales in absence of consumption out of home.

**Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business**

The Company is in a position to honor all agreements with its vendors and consumers. The vendors from whom the Company avails product or services, those are few in numbers and are not in any way impacted by the pandemic.

**Repayment of Loan installments**

The Company has been repaying all the loan instalments without any default. Even though Reserve Bank of India allowed for moratorium/ deferment of instalment payments, the Company didn't opt for it. During the period under review the Company has prepaid substantially the long term loans out of the proceeds received from the sale of investments.

**Payments to Employee**

During the period, the Company has paid to all its working employees and none of the Employees were terminated from the services. The Company also covered all its employees' under various insurance policies

**Payments to Suppliers/Creditors**

During this period, the Company didn't default any of its payment to its suppliers/ creditors.

**Contributed to COVID-19**

Your Company has contributed ₹ 10 Million towards fight against Covid-19 pandemic to the following State Govt Relief Fund/ Disaster Management Fund on 1<sup>st</sup> week of April 2020 out of its CSR Amount of FY 2020-21

- i. Chief Minister/Disaster Relief Fund Andhra Pradesh- ₹ 3 million
- ii. Chief Minister/Disaster Relief Fund Telangana- ₹ 3 million
- iii. Chief Minister/Disaster Relief Fund Karnataka- ₹ 1 million
- iv. Chief Minister/Disaster Relief Fund Tamil Nadu- ₹ 1 million

- v. Chief Minister/Disaster Relief Fund Maharashtra- ₹ 1 million
- vi. Chief Minister/ Disaster Relief Fund Delhi- ₹ 1 million

**COVID Precautions & Facilities extended to Employees**

At Heritage “Health and Well being of employees continue to be the paramount focus. Your Company has enabled benefits and extended services for all employees and eligible dependents during the Covid-19 pandemic. The gist of extended benefits, facilities & implemented precautions are as follows:

- Maintain hygienic working conditions
- Daily fumigation at workplaces
- Strict temperature monitoring & screening
- Set up a Multi Functional Committees for cooperation from all employees and stakeholders such as: Monitoring Committee, Co-ordination Committee and Core Committee:
- Webinars on COVID-19 Facts & Fads by reputed Doctors
- Initial COVID19 Medical Kit provided to symptomatic (Direct / Indirect employees)
- Plasma donation for needed employees and their family members
- 24x7 HFL COVID Command Control Centre helpdesk
- Tie-up with ICMR approved testing labs for sample collection & to facilitate early detection to enable speedy treatment
- Vaccination for employees through network hospitals
- Enhanced Health Insurance Facilities

**Variation in market capitalization**

	As at March 31		Increase / (decrease) in %
	2021	2020	
Market Capitalization (₹ in million)	13,622.50	9,889.70	37.7%
Price earnings Ratio	9.38	(6.18)	217.4%

Note: Data based on share prices quoted on BSE

**Management Discussion and Analysis**

In terms of the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time, the Management's Discussion and Analysis is provided in a separate section and forms an integral part of this Report.

**Corporate Governance**

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an

organization’s brand and reputation. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders’ expectations. It is imperative that your company’s affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of the stakeholders.

In terms of Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter “Listing Regulations”) as amended from time to time, a Report on Corporate Governance along with Compliance Certificate issued by Statutory Auditors of the Company forms integral part of this Annual Report.

**Business Review**

Your Company has not changed its nature of business during the period under review. Your Company has Two Divisions in operation in different States in India as on March 31, 2021.

**Dairy Business:**

**Global Dairy Industry:**

The global dairy market has progressed promptly over the years and the market is further anticipated to escalate during the forecasted years 2021 to 2025. The market would augment owing to numerous growth drivers such as escalating disposable income, rising milk products demand, augmenting need for nutritional food, increasing urban population, escalating ice cream industry, etc.

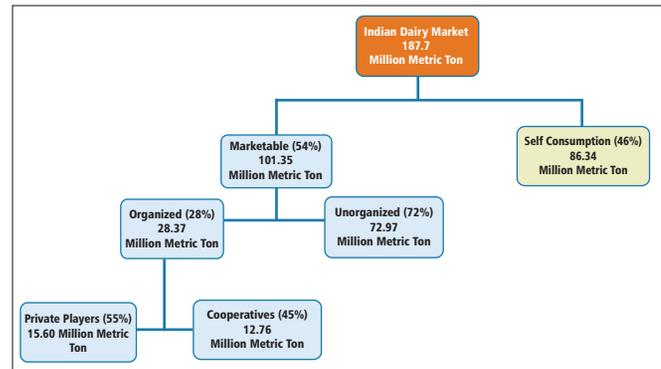
**Indian Dairy Industry**

The Indian Dairy Industry holds an inimitable space in the country for its high employment potential and for ensuring the availability of nutritious yet affordable food for India’s ever increasing population. Getting the tag of largest milk producer was made possible by Operation Flood and the historic dairy cooperative movement; and as production increased, dairy industry started showing promising growth potential. India is the largest producer of milk in the world with an annual output of 138 Million Tonnes,

India also has the largest bovine population in the world. However, the milk production per animal is significantly low in our country as compared to the other major dairy producers country. Moreover, nearly all of the dairy produce in India is consumed domestically, with the majority of it being sold as fluid milk. On account of this, the Indian dairy industry holds tremendous potential for value-addition and overall development. Indian dairy industry also offers good opportunities to both domestic and foreign investors for entry and expansion. Due to their rich nutritional qualities, dairy products’ consumption has been growing exponentially in the country.

As of 2020-21, India is the leading milk producing country in the world, accounting for 21% of the global market share. The milk processing industry in India is expected to expand at a compound annual growth rate (CAGR) of 16% between FY 2019-20 and FY 2023-24.

**Indian Dairy Market Structure**



India: Dairy Market Forecast (in Billion INR)

As per the research report by IMARC Group, it is estimated that the Indian dairy industry was worth a value of INR 11,360 Billion in 2020 and it anticipates the market to reach a value of INR 21,971 Billion by 2024, exhibiting a CAGR of around 16% during the 2020-2024.

**Organized & Unorganized Dairy Market in India**

Being one of the primary dairy consumables in India, the demand increase for milk in the country is owed to the increasing population. As of FY 2020-21, 81.1% of the Indian dairy and milk processing market was part of the unorganized sector.

**State-wise segment insights:** Uttar Pradesh, Rajasthan, Madhya Pradesh, Andhra Pradesh and Gujarat have been the major milk producing states in India. Uttar Pradesh is the largest milk-producing State because it is home to the highest buffalo population and the second-highest cattle population in the country. The majority of the rural population in this state is engaged in livestock rearing and dairying. Gujarat has numerous cooperative dairy milk unions and primary milk cooperative societies, which play vital role in the production of milk in the state. The Andhra Pradesh dairy market reached a value of INR 506.7 Billion in 2020. IMARC Group expects the Andhra Pradesh dairy market to grow at a CAGR of 9.50% during 2021-2026.

**Value-added product wise insights:** Apart from milk, the revenue of the Indian dairy and milk processing industry is generated from several value-added products such as curd, paneer, flavoured milk, cheese etc.

**Export:** From India, the export of dairy products has increased to countries like Bhutan, Afghanistan, Canada, Egypt, and the United Arab Emirates.

**Key growth drivers of the market:** India's livestock sector is regarded as one of the largest in the world with a bovine population of 299.90 Mn, which comprises of cow's and buffalo's. The growth of the Indian dairy and milk processing market is ensured by the steady supply of milk which is the primary raw material for this industry.

The major challenge faced by the Dairy Industry is the organization of the supply chain and logistics. The good part is that challenges are nothing but opportunities in disguise and in order to meet this challenge headon, proactive steps need to be taken to empower farmers and provide a stronger supply chain for them to rely on. Even though India is the largest producer of milk in the world, the industry itself is largely unorganized, with only 28 percent of the total milk produced being channelized in an organized manner. The first step to countering this would be to shift the focus to smaller dairy farms, which sometimes lack veterinary facilities and basic nutritious fodder etc.

### Increasing Demand for Milk and Value-Added Products

With an increase in the spending power of the population, the demand for milk and other value-added dairy products is expected to increase in the coming years. In order to meet the rising demand, there needs to be a marked shift from the unorganized to the organized sector. Moreover, consumers now-a-days are not only hold greater buying power but also health conscious regarding what they consume. There is thus a necessity to provide healthy dairy products which can be readily consumed. This creates an opportunity for boutique dairy farms to set up local operations providing fresh cow or buffalo milk to consumers. Over and above with people having less time these days, the demand for premium value added products such as probiotic yoghurt, cheese, milk shakes etc. are on the rise. These products not only have a higher margin but also have a longer shelf life which makes the supply chain easier and cost effective.

The organised dairy sector is poised for healthy growth in coming years. Milk production CAGR of 5% over FY12-FY20 coupled with 5-6% inflation indicates 10% growth in revenue terms. Organised players account for just 28% of the overall milk market and expect their share to grow going forward. Also expect rising milk procurement prices to be passed on by B2C players, resulting in stable margins.

### Government Initiatives:

Government is progressively taking initiatives to promote the dairy industry in India, in which inclination towards cattle

breeding, clean milk production, dairy development, and feed fodder management are included. The Department of Animal Husbandry, NDDB, and other government affiliated institutions manage these initiatives in a constructive way. Utilizing the available resources for dairy industry to their full extent is the main objective behind these initiatives. The manner in which Dairy industry would enhance milk production and upgrade milk processing technologies, is also supervised by these departments.

Your Company is a market leader in the curd segment and is now looking to expand its product basket by entering into the fastest growing product like Yoghurt, through a Joint Venture Company.

The motto of your company is to empower farmers by doing the following activities

- Facilitating loans for the purchase of cattle through commercial banks/ NBFCs
- Facilitating cattle insurance;
- Conducting veterinary camps for animals at frequent intervals;
- Supply of high quality cattle feed and fodder seeds;
- Helping to source good productive animals;
- Supply of milk analyzers for ensuring accurate measurement of milk quality and
- Ensuring timely payment to farmers.

In its bid to become a pan India player, your Company has expanded its collection and distribution of products to 11 states in India covering South, West and North India. It has almost 100% direct procurement network of 0.3 million dairy farmers across eight major milk producing States namely, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Maharashtra, Rajasthan, Punjab and Haryana. The direct route of milk procurement enables it to maintain quality. The company also operates 189 bulk coolers, chilling plants and procured 1.3 Million liters of milk per day. It operates 18 own processing plants with installed milk processing capacity of 2.7 million liters per day.

Your Company procured 1.3 Million litres of milk daily from 0.3 million farmers across eight states. The milk is directly procured from farmers which ensures greater consistency in milk quality and consistency in supply. The company's installed processing capacity is 2.7 Million liters per day and chilling capacity is 2.13 Million LPD. After processing 1.3 Million litres milk is sold to about 1.5 Million households on a daily basis and the remaining is converted into value added products and products are available across 11 states viz. Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha, NCR Delhi, Haryana, Uttar Pradesh and Uttarakhand.

The Board of Directors expressed their satisfaction about the way company has handled the business during the period of COVID-19 outbreak. During the period of COVID-19 outbreak the procurement price of milk has come down and volume increased.

During the financial year 2020-21, Dairy Division has increased milk Chilling capacity by 0.06 Million LPD by commissioning of 7 units which includes Bulk chilling units, Mini Chilling units and chilling centres.

### Renewable Energy Division:

Your Company strongly recognizes the responsibility towards protecting the environment. As a forward-looking enterprise, it is strongly committed to extending the Green' footprint.

Your Company is taking a lot of initiatives for conservation of energy. Renewable energy was the major focus area in the last ten years. Now your Company has 10.39 MW of solar and wind power for captive consumption. Your Company is continuously investing in latest technologies and efficiencies to conserve energy.

Renewable Energy Division of your Company had achieved the turnover of ₹ 68.83 Million during the year under review

### Subsidiary / Associate Companies

Your Company as on March 31, 2021 is having following subsidiary/associate/joint venture Companies:

#### Heritage Nutrivet Limited (CIN: U15400TG2008PLC062054)

A wholly owned Subsidiary Company operating with Animal Nutrition and one of the leading Live Stock Feed & Feed Supplements Company in Southern and Western India, covering over 0.3 million farmers spread across five states viz., Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra. Product quality is pivotal in endeavor towards "HEALTHY MILCH ANIMAL – HAPPY FARMER"

#### Skil Raigam Power (India) Limited (CIN:U40102TG2009PLC063671)

A associate Company is under process to setup a hydro power plant at Raigam District, in Arunachal Pradesh. Your Company is having 44.22% of shareholding in this Company.

#### Heritage Novandie Foods Private Limited (CIN: U74999TG2017PTC120860)

A 50:50 Joint Venture Company between Heritage Foods Limited (HFL), Hyderabad, India and Novanide, Maromme, France with an object to manufacture and market various Fruit Yoghurt and other dairy products in India. The Company had started the commercial production on February 16, 2021 and launched French Yoghurt brand 'Mamie Yova' in India.

The details of transaction are available in the AOC-1 which is forming part of the consolidated financial statement. The gist of financial performance of the Subsidiary/Associate/Joint Venture companies is as follows.

₹ in Millions

Particulars	Heritage Nutrivet Ltd (Wholly Owned Subsidiary) year ended on		Skil Raigam Power (India) Ltd (Associate) year ended on		Heritage Novandie Foods Pvt Ltd (Joint Venture) year ended on	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Total Income	1218.56	10,45.86	-	-	1.17	1.15
Total Expenses	1120.98	10,38.83	0.19	0.22	45.33	15.16
Profit/ (Loss) before tax	97.58	7.03	(0.19)	(0.22)	(44.16)	(14.01)
Tax expense Reversal of taxes of earlier years	-	-	-	-	-	-
Current tax expense	16.03	0.88	-	-	-	-
Deferred tax expense/ (benefit)	9.43	(0.59)	-	-	-	-
Profit/ (loss) for the year	72.12	6.73	(0.19)	(0.22)	(44.16)	(14.01)

During the financial year under review, your Company has not added/removed any subsidiaries, joint ventures or associate companies.

Board's Report

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its Subsidiary, Associate and Joint Venture are available on the website of your Company [www.heritagefoods.in](http://www.heritagefoods.in). These documents will also be available for inspection during the business hours of the Company at its registered office in Hyderabad, India.

**Quality**

Your Company continues the journey of delivering value to its consumers/customers through significant investments in quality programs.

Your Company adheres to international quality standard certifications such as ISO 22000:2005(FSMS), ISO 9001:2015(QMS), OHSAS 18001:2007, ISO 14001:2015 (EMS), ISO 50001:2011(EnMS) and Halal Certification by JUHF Mumbai.

Your Company has also received renewal of AgMark, BIS and EIA certificates.

The Quality department of your Company handles large change management initiatives to drive quality and productivity improvements across the Company, using various techniques and updated technologies.

**Branding**

“Heritage” as a brand reflects your companies identity, core values and believe system. Your Company is actively working on diversifying its products portfolio which is in line with the current consumer trend and mission of brining health, nutrition & happiness to every home. On the communication front company is focusing on social & digital media platforms as these have become an important source of seeking information leading to brand evaluation & adoption apart from the traditional branding activities.

**Awards & Recognitions**

During the financial year 2020-21 Three packing station's of your company won the Prestigious National Energy Conservation Awards (NECA - 2020) in Dairy Sector for the year 2020 at all India level for the effective energy conservation process/methods, which had resulted in substantial energy saving and higher productivity for the energy consumed:

- 1st Prize won by Gokul Plant, Kasipentala (V), Charndragiri (M), Chittoor Dist-517101, Andhra Pradesh, India
- 2nd Prize won by Bayyavaram Plant, Bayyavaram (V), Kasimakota (M), Visakhapatnam District-531031, Andhra Pradesh, India

- Certificate of Merit to Bengaluru Plant, Yadavanhalli (V), Anekal Taluk, Bengaluru South-562107, Karnataka, India

**Human Resources and Industrial Relations**

Your Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Your company ensures that it provides a harmonious and cordial working environment to all its employees. To ensure good human resources management, your Company focused on all aspects of the employee lifecycle. This provides a holistic experience for the employee as well. During their tenure at the Company, employees are motivated through various skill- development program, engagement and volunteering programs. Your company has put in continued efforts in building capabilities of Human Resources with adoption of specific and targeted interventions. Your Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on Key Result Areas are in place for all employees.

Your Company is committed to nurturing, enhancing and retaining talent through superior Learning & Organizational Development. This is a part of Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in long run.

The total strength of your Company employees at the end of financial year 2020-21 was 3014.

**Investor Relationship**

Your Company continuously strives for excellence in its Investor Relationship (IR) engagement with Domestic and International investors and has set up feedback mechanism to measure IR effectiveness. Structured conference calls and periodic investor/analyst interactions, participation in investor conferences, quarterly earnings calls and annual analyst meet with the Executive Director, President and Business Heads were organised during the year. Your Company always believes in leading from the front with emerging best practices in IR and building a relationship of mutual understanding with investor/analysts. Your Company ensures that relevant information about the Company is available to all the investors by uploading all such information at the Company's website and the Stock Exchanges where the shares of the company are listed.

**Credit Rating**

The details of the credit rating are as follows:

- (a) Credit rating obtained by the company: in respect to long term and short term debts

- (b) Name of the credit rating agency: Credit Rating Information Services of India Limited (CRISIL)
- i. Long term Rating: CRISIL A/Positive
  - ii. Short term Rating: CRISIL A1
- (c) Date on which the credit rating was obtained: March 31, 2021 (valid up to March 31, 2022)
- (d) Revision in the credit rating: No
- (e) Reasons provided by the rating agency for a downward revision: NA

### Particulars of Employees and Related Disclosures

The table containing the names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in Annexure-2A. A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹ 10.20 million or more per annum or employed for part of the year and in receipt of ₹ 0.85 million or more in a month under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time are provided in Annexure-2B to this report.

### Information Technology and Digitization:

Your company actively focuses on transformation from traditional to digital operations. Digitization was a primary focus during the Financial Year 2020-21 to streamline business processes and workforce. During the Financial Year 2020-21, your company has undertaken various digital initiatives.

Heritage TUCH App: Heritage TUCH is an online milk and dairy products delivery app in Hyderabad offering natural, farm-fresh milk and dairy products right at the consumers doorstep every morning. It's a one-stop solution for fulfilling all your dairy product needs.

Heritage VET+™ is a digital initiative, a one-stop solution for milch animal management that covers all important aspects related to best practices in veterinary care and dairy management to empower and share knowledge to dairy farmers. Heritage VET+ in its core objective has laid down focus on cattle health, nutrition and wellbeing, its focus is to provide remote veterinary services necessary for primary diagnosis.

### Board Diversity

Your Company recognizes and embraces the importance of a diverse board for its success. Your Company believes that a truly diverse board will leverage differences in thought, perspective, knowledge, skill and industry experience, cultural

and geographical background, age and gender, which will help the Company, retain its competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Policy is available in the Company website i.e. [www.heritagefoods.in](http://www.heritagefoods.in) > Investor > Policies.

### Meetings of the Board

The Board met Nine (9) times during the financial year 2020-21, the details of which are given in the Corporate Governance Report forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### Policy on Director's Appointment and Remuneration

The current policy is to have an appropriate mix of Executive and Non-executive & Independent and Women Directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2021, the Board consists of 6 members, 2 of them are Executive/Whole-time directors, 1 is Non-Executive Director, 1 is Non-Executive Independent Woman Director and 2 are Non-Executive Independent Directors. The Board periodically evaluates the need for change in its composition and size.

The policy of your Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters as provided under Section 178(3) of the Companies Act, 2013, and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 was adopted by the Board. It is affirmed that the remuneration paid to the Director(s) are as per the terms laid out in the nomination and remuneration policy of the Company.

### Declaration from Directors

Your Company has received necessary declaration from all directors stating that they are not debarred or disqualified from being appointed or continuing as Directors of companies as per the Securities and Exchange Board of India, Reserve Bank of India, Ministry of Corporate Affairs or any such other Statutory Authority.

### Declaration by Independent Directors

Your Company has received necessary declaration from each independent director stating that they met the criteria prescribed for independence under Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the Board has confirmed its veracity and taken the same on record.

## Board Evaluation

As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time the Nomination and Remuneration Committee laid down criteria for performance evaluation of individual director(s), the board and its committee(s). Accordingly, an annual evaluation was carried out for the Board's performance, its Committees and individual director(s).

The Board performance evaluation is carried out through a structured questionnaire which provides a clear and valuable feedback for Board effectiveness and highlighting areas for further development.

The following are some of the broad issues that are considered in performance evaluation questionnaire

### Criteria for evaluation of Board and its Committees:

- Ability to act on a fully informed basis, in good faith, with due diligence and in the best interest of the company and the stakeholders.
- Optimum combination of knowledge, skill, experience and diversity on the Board as well as its Committees.
- Relationships and effective communication among the Board members.
- Effectiveness of individual non-executive and executive directors and Committees of Board.
- Quality of the discussions, general information provided on the company and its performance, papers and presentations to the Board.
- Risk management as well as processes for identifying and reviewing risks.
- Well-defined mandate and terms of reference of Committee.

### Criteria for evaluation of Individual Directors:

- Attendance at Board as well as Committee Meetings
- Procurement of Information, preparation for Board Meetings and value of contribution at meetings
- Relationships with fellow Board members, the company secretary and senior management and mutual trust and respect they stimulated within the Board.
- Keeping update with the latest developments in the areas of governance and financial reporting
- Willingness to devote time and effort to understand the company and its business

- Providing necessary guidance using their knowledge and experience in development of corporate strategy, major plans of action, risk policy, and setting performance objectives.
- Independence exercised in taking decisions, listening to views of others and maintaining their views with resolute attitude
- Ability in assisting the Company in implementing the best corporate governance practices.
- Capability in exercising independent judgement to tasks where there is potential conflict of interest
- Commitment in fulfilling the director's obligations fiduciary responsibilities.

The Board of Directors received all evaluations from each Director including Board as a whole and its committee based on the above criteria, discussed various points and all points are satisfactory, no further action is required. There were no actions pending from the previous year observations. The detailed format of Board evaluation is available in the website of the Company i.e. [https://www.heritagefoods.in/uploads/investors/pdf/15870145475\\_Board\\_&\\_Director\\_Evaluation\\_Framework.pdf](https://www.heritagefoods.in/uploads/investors/pdf/15870145475_Board_&_Director_Evaluation_Framework.pdf)

### Training of Independent Directors

Every new independent director of the Board attends an orientation program. To familiarize the new inductees with the strategy, operations and functions of your Company, the Executive Directors/Senior Managerial Personnel make presentations to the inductees about the Company's strategy, operations, product and service offerings, markets, organization structure, quality and risk management etc.

### Appointment/Re-Appointment

In order to comply with the provisions of section 152 (6) of the Companies Act, 2013 and rules applicable thereunder, the appointment of Mrs. N. Brahmani (DIN: 02338940) Director is liable to retire by rotation at this Annual General Meeting, being eligible offers herself for re-appointment.

The above proposed retirement by rotation shall not alter any terms and conditions with regard to remuneration, tenure of appointment and such other terms and conditions relating to her appointment as an Executive Director of the company for a term of five year (w.e.f. 01.04.2019) as approved by the members of the Company by way of postal Ballot and remote e-voting, the results of which were declared on March 12, 2019.

Mr. Rajesh Thakur Ahuja (DIN: 00371406) was appointed as Non-Executive Independent Director of the Company by the members at the 24<sup>th</sup> AGM of the Company held on August 19, 2016 for a period of five consecutive years up to August 18, 2021. Based on the recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Rajesh Thakur Ahuja (DIN: 00371406) being eligible for re-appointment as Non-Executive Independent Director and offering himself for re-appointment, in the opinion of the Board that he is a young and dynamic personality, made valuable contribution to the Company during his first tenure and have a knowledge about the dairy industry and investment in other sectors, the Board also discussed his performance based on the criteria of performance evaluation lead by Nomination and Remuneration Committee of the Board, accordingly it is proposed to re-appoint him as Non-Executive Independent Director for second term of five consecutive years from August 19, 2021 to August 18, 2026.

### Retirements and Resignations

Mr. D. Seetharamaiah resigned from the position of Non-executive Independent Director and Chairperson of the Company wef. July 01, 2020 and left for heavenly abode on July 19, 2020, after a brief illness. Late Mr. D. Seetharamaiah was associated with the Company since the inception as a

Director of the Company. The Board of Directors express their deep condolences and pay tribute to late Mr. D. Seetharamaiah, a great visionary leader.

The Board of Directors place on record their deep sense of gratitude and appreciation for the invaluable contribution rendered by Mr. D. Seetharamaiah during his Three decades long illustrious career with the Company in this roles and recently as the Non-Executive Independent Director & Chairperson of the Company.

Except the above, None of the Directors retired or resigned from the Board.

### Key Managerial Personnel

During the year under review, the Company is having the following persons as Key Managerial Personnel.

Name of the Official	DIN/M. No	Designation
Mrs. N. Bhuvaneswari	00003741	Vice Chairperson & Managing Director
Mrs. N. Brahmani	02338940	Executive Director
Mr. A Prabhakara Naidu	FCA 200974	Chief Financial Officer
Mr. Umakanta Barik	FCS 6317	Company Secretary & Compliance Officer
Dr. M Sambasiva Rao		President

### Committees of the Board

Currently, the Board has six committees i.e. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Risk Management Committee and Management Committee.

A detailed note on the Board and its committees is provided under the Corporate Governance Report section in this Annual Report. The composition of the committees and compliances, as per the applicable provisions of the Act and Rules, are as follows:

Name of the Committee	Composition of the Committee	Highlights of duties, responsibilities and activities
Audit committee	Mrs. Aparna Surabhi (C) Mr. D Seetharamaiah (M) (up to 01/07/2020) Mr. Rajesh Thakur Ahuja (M) Mr. N Sri Vishnu Raju (M) Dr V Nagaraja Naidu (M)	<ul style="list-style-type: none"> <li>All recommendations made by the audit committee during the year were accepted by the Board.</li> <li>Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.</li> <li>Approval or any subsequent modification of transactions of the Company with related parties.</li> <li>Reviewing, with the management, the performance of statutory auditors and internal auditors, adequacy of internal control systems, etc.</li> </ul>
Nomination and Remuneration Committee	Mr. N Sri Vishnu Raju (C) Mr. D Seetharamaiah (M) (up to 01/07/2020) Mr. Rajesh Thakur Ahuja (M) Mrs. Aparna Surabhi (M) (wef. 01/07/2020)	<ul style="list-style-type: none"> <li>The committee oversees and administers executive compensation, operating under a written charter adopted by our Board of Directors.</li> <li>The nomination and remuneration committee has framed the nomination and remuneration policy.</li> </ul>

Board's Report

Name of the Committee	Composition of the Committee	Highlights of duties, responsibilities and activities
Corporate Social Responsibility Committee	Mr. D Seetharamaiah (C) (up to 01/07/2020) Mr. Rajesh Thakur Ahuja (C) (wef. 01/07/2020) Mr. N Sri Vishnu Raju (M) Mrs. N Bhuvaneswari (M)	<ul style="list-style-type: none"> <li>To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under.</li> <li>To monitor the implementation of the CSR Policy of the Company from time to time</li> </ul>
Stakeholders Relationship Committee	Dr. V Nagaraja Naidu (C) Mr. D Seetharamaiah (M) (up to 01/07/2020) Mr. N Sri Vishnu Raju (M) Mrs. N Bhuvaneswari (M) Mr. Rajesh Thakur Ahuja(M) (wef. 01/07/2020)	<ul style="list-style-type: none"> <li>The committee reviews and ensures redressal of investor grievances.</li> <li>The committee noted that all the grievances of the investors have been resolved during the year.</li> </ul>
Risk Management Committee	Mr. Rajesh Thakur Ahuja (C) Mr. D Seetharamaiah (M) (up to 01/07/2020) Mr. N Sri Vishnu Raju (M) Mrs. N Bhuvaneswari (M) Mrs. Aparna Surabhi (M) (wef. 01/07/2020)	<ul style="list-style-type: none"> <li>The purpose of the committee is to assist the Board in fulfilling its corporate governance with regard to the identification, evaluation &amp; mitigation of operational, strategic and environmental risks efficiently and effectively.</li> <li>The Company has developed and implemented a risk management framework that includes identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.</li> </ul>
Management Committee	Mr. D Seetharamaiah (C) (up to 01/07/2020) Mrs. Aparna Surabhi(C) (wef. 01/07/2020) Mr. N Sri Vishnu Raju (M) Mrs. N Bhuvaneswari (M)	<ul style="list-style-type: none"> <li>Setting the strategic direction to guide and direct the activities of the organization;</li> <li>Ensuring the effective management of the organization and its activities; and</li> <li>Monitoring the activities of the organization to ensure they are in keeping with the founding principles, objects and values.</li> </ul>

C- Chairperson M-Member

**Policies**

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the corporate policies are available in the Company website ([www.heritagefoods.in/Investors/policies](http://www.heritagefoods.in/Investors/policies)). The policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

In addition to its Code of Conduct and Ethics, key policies that have been adopted by the Company are as follows:

Name of the policy	Brief description	Web link
Whistleblower Policy (Policy on vigil mechanism)	The Company has adopted the whistleblower mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's code of conduct and ethics. It also provides for adequate safeguards against victimization of employees who availed the mechanism and also provides for direct access to the Chairperson of the Audit Committee.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>
Insider Trading Policy and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	The Company has adopted a Code of Conduct to Regulate, Monitor & Report Trading by Insiders and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as per the SEBI (Prohibition of Insider Trading) Regulation 2015, with a view to regulate trading in securities by the Directors and Designated Persons while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed and other certain situations. All Board of Directors and the designated employees have confirmed compliance with the Code.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>

Name of the policy	Brief description	Web link
Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and senior management of the Company.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>
Corporate Social Responsibility Policy	The policy outlines the Company's strategy to bring about a positive impact on Society through programs relating to hunger, poverty, education, healthcare, environment, relief, disaster management etc., as per the provisions of the Companies Act, 2013.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>
Policy for Determining Material Subsidiaries	The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>
Related Party Transaction Policy	The policy regulates all transactions between the Company and its related parties	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>
Policy on Preservation of Documents	The policy deals with the preservation of corporate records of the Company.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>
Archival Policy	The policy deals with the retention and archival of corporate records of the Company.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>
Business Responsibility Policy	This Policy endorses the Company's commitment to follow principles and core elements, in conducting its business, as laid down in the National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>
Dividend Distribution Policy	This Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>
Policy on Determination of Materiality of Events	The Policy is to determine materiality of events or information relating to the Company and to ensure timely and accurate disclosure on all material matters concerning the Company.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>
Policy and procedure of inquiry in case of leak or suspected leak of unpublished price sensitive information ("upsi")	The Policy aims to provide a framework for inquiry in case of leak or suspected leak of Unpublished Price Sensitive Information.	<a href="https://www.heritagefoods.in/policy">https://www.heritagefoods.in/policy</a>

**Note:** There were no changes in the above policies except the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and CSR policy of the Company.

### Remuneration of Directors, Key Managerial Personnel and Senior Management

The remuneration paid to the Directors, Key Managerial Personnel and Senior Management is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Act and Regulation 19 of the Listing Regulations.

The information required under Section 197 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/ employees of the Company is set out in the **Annexure-2 [A&B]** to this report.

## Auditors' & Auditor's Report

### Statutory Auditors:

As per Section 139 of the Companies Act, 2013 ('the Act'), read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company at the 25<sup>th</sup> Annual General Meeting held in the year 2017, approved the appointment of M/s. Walker Chandiook & Co. LLP, Chartered Accountants (FRN 001076N/500013), as the Statutory Auditors of the Company for a term of 5 years i.e. from the conclusion of 25<sup>th</sup> Annual General Meeting till the conclusion of 30<sup>th</sup> Annual General Meeting of the Company to be held in the year 2022.

Pursuant to amendments in Section 139 of the Companies Act, 2013, the requirement to place the matter relating to such appointment for ratification by members at every annual general meeting has been omitted with effect from 7<sup>th</sup> May, 2018. The Board of Directors are empowered to fix the remuneration of the Statutory Auditor on yearly basis.

The Audit reports (Standalone UDIN:21207660AAAACY2569) (Consolidated UDIN:21207660AAAACX8708) issued by M/s. Walker Chandiook & Co. LLP, Chartered Accountants, Statutory Auditors on the Company's standalone and consolidated financial statements for the financial year ended 2020-21 is part of the Annual Report. There has been no qualification, reservation or adverse remark in their Report.

In terms of the Section 148 of the Companies Act, 2013 ('the Act') read with Rule 8 of the Companies (Accounts) Rules, 2014, it is stated that the cost accounting records are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013. As your Company is dealing with Skimmed Milk Powder, which require to maintain the cost records. Your Company has maintained all the required records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and the appointment of Cost Auditor is not applicable for your Company.

### Secretarial Auditors and Secretarial Standards

The Secretarial Audit was carried out by Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796, M.No.3738), Secunderabad - 500094 for the financial year 2020-21. The Report issued by the Secretarial Auditors is annexed as Annexure-3 and forms integral part of this Report. There has been no qualification, reservation or adverse remark in their Report.

In terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board of Directors appointed Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing

Company Secretary (CP No:1796, M.No.3738), Secunderabad - 500094 as the Secretarial Auditors of the Company for the financial year 2021-22. Your Company had received the written consent that the appointment will be in accordance with the applicable provisions of the Act and rules framed thereunder.

In terms of the amended SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Company has obtained the Secretarial Compliance certificate from Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796, M.No.3738), Secunderabad - 500094, which is annexed as Annexure-3(i) and forms part of the Annual Report and the same was also intimated to the Stock Exchanges where the shares of the Company are listed.

Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company has obtained a certificate from Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796, M.No.3738), Secunderabad - 500094, which is annexed as Annexure-3(ii) and forms part of the Annual Report and the same was also intimated to the Stock Exchanges where the shares of the Company are listed.

You Company also has obtained a secretarial Audit Report of its wholly owned subsidiary company namely Heritage Nutrivet Limited from Mrs. Khusboo Laxmi Bhagat, Partner of M/s. KLB & Associates, Practicing Company Secretary (CP No:14703, M.No.9376), Hyderabad- 500016, which is annexed as Annexure- 3(iii) and forms part of the Annual Report.

The Director's have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India, New Delhi and that such systems are adequate and operating effectively.

### Internal Auditors

The Company has appointed external firms of Chartered Accountants across India as internal auditors to conduct internal audit and to review internal controls and operating systems and procedures as per the scope of the audit. The Internal Audit Reports of the company are reviewed by the Audit Committee on monthly basis. The Internal Auditors send the quarterly audit observations to the Company and the same were presented quarterly by the lead internal auditor of the Company to the Audit Committee. The Audit Committee along with Statutory Auditors and the management of the Company meets all Internal Auditors of the Company once in a year and review the internal controls and its adequacy. The Board of Directors on recommendation of the Audit Committee appoints/re-appoints the Internal Auditors every year in compliance with Section 138 of the Act read with the

Companies (Accounts) Rules, 2014. List of Internal Auditors is provided in the corporate information section in the Annual Report.

### Internal Audit & Control Systems

Your Company has a well-defined and documented internal audit & control system, which is adequately monitored. Checks & balances and control systems have been established to ensure that assets are safe guarded, utilized with proper authorization and recorded in the books of account. The Internal control systems are improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

These are supplemented by internal audit of your Company carried out by reputed firms of Chartered Accountants across the locations of the Company. Your Company has an Audit Committee consisting of Three Non-Executive Independent Directors and one Non-Executive Director. The Audit Committee of the Board of Directors and Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control system and suggests improvements if any for strengthening them. Your Company has a robust Management Information System which is an integral part of the control mechanism.

### Listing and Custodian Fees

The equity shares of your Company are listed at BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The applicable annual listing fees were paid before the due date. The annual custodian fees have also been paid to the depositories before the due date.

### Significant Material Orders Passed by the Regulators

There were no significant material orders passed by any Regulators/Courts that would impact the going concern status of the Company and its future operations.

### Annual Return

The Annual Return as on March 31, 2021 as required under Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, is available on the Company's website (<https://www.heritagefoods.in/annualreturn>)

### Internal financial control and its adequacy

The Board has inter alia reviewed the adequacy and effectiveness of the Company's internal financial controls relating to its financial statements.

The Board has discussed with the Management of the Company the major financial risk exposures and the steps taken by it to monitor and control such exposures, overseen and reviewed the functioning of the Whistle Blower Mechanism and the findings in respect of the investigations conducted on frauds if any, which were material in nature and the actions taken by the Management, in this regard.

Your Company has adopted necessary policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of financial information.

During the year, such controls were tested and no reportable material weakness in the design or operation was observed by the consultant appointed by the Board of Directors of the company

During the year no fraud by the Company or on the Company by its officers or employees has been notices and reported.

### Declaration as per Section 134(3)(ca) of the Companies Act, 2013

During the year, the statutory auditors and secretarial auditor have not reported any instances of frauds committed by or against the Company by its Directors/Officers/ Employees to the Audit Committee or Board under section 143(12) of the Companies Act, 2013 and rules made thereof. Therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

### CEO & CFO Certification

The Vice Chairperson & Managing Director and the Chief Financial Officer of the Company has given annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. Vice Chairperson & Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) (a) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. The annual certificate given by the Vice-Chairperson & Managing Director and the Chief Financial Officer forms part of this Annual Report.

### Corporate Social Responsibility (CSR)

Your Company has been an early adopter of corporate social responsibility (CSR) initiatives. Your Company has made Corporate Social Responsibility (CSR) an integral part of its ethos and culture Your company has constituted a Corporate Social Responsibility Committee ("CSR Committee") in accordance with Section 135 of the Companies Act, 2013. A robust system

Board's Report

of reporting and monitoring has been put in place to ensure effective implementation of planned CSR initiatives

The identified CSR activities/ projects as per the provisions of the Companies Act, 2013 and rules made thereof, will be undertaken directly by the Company or through a registered trust or a registered society. During the Financial Year 2020-21 the CSR Committee of the Board evaluated various options to implement the CSR activities and decided to contribute the mandated CSR amount to the NTR Memorial Trust, Hyderabad, to carry out the activities such as promoting education, enhancing the vocational skill & supply of clean drinking water, disaster management, relief and rehabilitation etc., as part of the CSR activities of the Company. As the NTR Memorial Trust is operating since 1997 towards the promoting and preventive of health care of the needy groups, meeting the educational needs of underprivileged students, advancing the concept of entrepreneurship and self-employment and offering support and relief during disasters and lot more other initiatives for the up-liftment of the backward and needy population in the society.

These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR Policy. The Report as required under Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 on CSR activities is set out as Annexure-4 forming part of the Board's Report and the Policy has been uploaded on the Company's website at [www.heritagefoods.in](http://www.heritagefoods.in).

**Business Responsibility Report (BRR)**

Pursuant to regulation 34(2)(f) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, top 1000 listed entities based on their market capitalisation as on 31<sup>st</sup> March every year, are required to submit their Business Responsibility Report (BRR) as a part of their Annual Report. The Annual Report shall contain a Business Responsibility Report (BRR) describing the initiatives taken by the Company from an environmental, social and governance perspective. BRR has been designed as a tool to help companies understand the principles and core elements of responsible business practices and start implementing which reflect their adoption in the manner the company undertakes its business. In compliance with the regulation, the BRR is annexed in Annexure-5 to the board report.

**Energy Conservation, Technology Absorption & Foreign Exchange Earnings & Outgo**

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act 2013, read with the Companies (Accounts) Rules, 2014 are provided in the Annexure-6 to the Board Report.

**Transfer of Un-Claimed Dividends and Shares**

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C(2) of the Companies Act, 1956] read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time the unclaimed/unpaid dividend amount of 1,115,461/- (Eleven Lakhs Fifteen Thousand Four Hundred Sixty One Only) for the year 2012-13 was transferred to the Investor Education and Protection Fund during the financial year 2020-21.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred 63,880 no of equity shares belongs to 61 members of the company to Investor Education and Protection Fund Authority (IEPF) on October 16, 2020 of those members who have not claimed the dividends for a continuous period of 7 years.

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time the unclaimed/unpaid dividend and the shares thereof pertaining for the financial year 2013-14 shall be transferred to the Investor Education and Protection Fund during the financial year 2021-22.

The information in respect of unclaimed/unpaid dividend & shares thereto and the last date for claiming the dividend are given below:

Financial year ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend	Unclaimed/Unpaid Dividend as on March 31, 2021	
			Amount outstanding (₹ in Rupees)	No of Shares
2013-14	26-09-2014	29-10-2021	23,25,168	775056
2014-15	24-09-2015	28-10-2022	22,59,102	753034
2015-16	19-08-2016	22-09-2023	17,67,753	589251
2016-17	23-08-2017	25-09-2024	30,21,884	755471
2017-18	30-08-2018	02-10-2025	15,58,172	779086
2018-19	30-08-2019	02-10-2026	14,97,988	748994
2019-20	28-08-2020	01-10-2027	17,43,684	697474

The voting rights on the shares outstanding shall remain frozen till the rightful owner of such shares claims the shares. The company sends reminders to the members concerned to claim the unclaimed and unpaid dividends & shares thereto before they are transferred to the IEPF Authority as per the applicable provisions.

The members whose shares got transferred to IEPF Authority shall claim the dividends and shares from IEPF Authority by

submitting an online application in the prescribed e-Form No. IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and the procedure prescribed thereon.

Mr. Umakanta Barik is the Nodal Officer who was appointed by the Company under the provisions of IEPF.

### **Risk Management**

Your Company have constituted a Risk Management Committee pursuant to Section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, which has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company’s enterprise risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, Information Technology, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Committee had formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day to day operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Risk Management Procedure shall be reviewed by the Risk Management Committee and Board of Directors on a half- yearly basis at the time of review of Financial Results of the Company.

The policy is available in the Company website: [www.heritagefoods.in](http://www.heritagefoods.in)>Investor> policies

### **Policy on Sexual Harassment**

The Company has always believed in providing a safe and harassment free workplace for every women working in Company’s premises, through various interventions and practices. The Company has adopted policy and constituted the Internal Complaint Committee under Prevention of Sexual Harassment of Women at Workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as amended from time to time.

The Company has not received any complaints during the year.

The Company regularly conducts awareness programmes for its employees.

The following are the summary of sexual harassment complaints received and disposed off during the year:

<b>Sl No</b>	<b>Particulars</b>	<b>Status of the No. of complaints received and disposed off</b>
1	Number of complaints on sexual harassment received	Nil
2	Number of complaints disposed off during the year	Nil
3	Number of cases pending for more than ninety days	Not Applicable
4	Number of workshops or awareness programmes against sexual harassment carried out	The Company regularly conducts necessary awareness programmes for its employees
5	Nature of action taken by the employer or district officer	Not Applicable

### **Vigil Mechanism policy**

The Board of Directors of the Company had adopted the Whistle Blower Policy in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Audit Committee reviews periodically the functioning of whistle blower mechanism. No complaint have been received during the Financial Year ended March 31, 2021. No personnel have been denied access to the Audit Committee during the Financial Year 2020-21.

The details of said vigil mechanism are given in Corporate Governance Report, which forms part of this Annual Report. A copy of the Whistle Blower Policy is available in the company’s website i.e. [www.heritagefoods.in](http://www.heritagefoods.in).

### **Indian Accounting Standards (Ind AS)**

The Company has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2017 pursuant to Ministry of Corporate Affairs’ notification of the Companies (Indian Accounting Standards) Rules, 2015. The standalone and consolidated financial statements of the Company, forming part of the Annual Report, have been prepared and presented in accordance with all the material aspects of the Indian Accounting Standards (“Ind AS”) as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs (“MCA”)) and relevant amendment rules issued thereafter and guidelines issued by the Securities Exchange Board of

## Board's Report

India ("SEBI"). There was no revision of Financial Statements (Standalone & Consolidated) and Board Reports during the year under review. The financial figure are presented in millions for the financial year 2020-21 and the previous correspondence year figures are also presented in millions.

### Prevention of Insider Trading Code

As per SEBI (Prohibition of Insider Trading) Regulation, 2015 as amended from time to time, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Company has appointed Mr. Umakant Barik, Company Secretary of the Company as Compliance Officer, who is responsible for setting forth procedures and implementation of the code of conduct for trading in Company's securities. During the year under review, there has been due compliance with the said code.

### Director's Responsibility Statement as required under Section 134 (3)(c) & (5) of the Companies Act, 2013.

The financial statements are prepared in accordance with the provision of Section 129 of the Companies Act, 2013 read with Schedule III of the Companies Act, 2013 and the rules made thereof, Ind-AS and Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis except the sale proceeds received under REC Mechanism of the Renewable Energy. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI). There are no material departures from prescribed accounting standards in the adoption of these standards.

The Board of Directors to the best of their knowledge and understand confirm that:

- In the preparation of the annual accounts (Standalone & Consolidated) for the financial year 2020-21, the applicable accounting standards have been followed along with proper explanation relating to material departures.

- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2020-21 and of the profit and loss of the Company for that period.
- They have taken Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities if any,
- The annual accounts of the company have been prepared on a going concern basis.
- They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Acknowledgement and Appreciation

The Directors regrets the loss of life due to Covid-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

The Board takes this opportunity to thank all consumers, customers, farmers, vendors, investors, bankers and Statutory Authorities for their continued support during the year. The Board also wishes to place on record its sincere appreciation of the effort/ contribution made by its employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader. The Company's consistent growth was made possible by their hard work, solidarity, cooperation and support and look forward to their continued support in the future.

For and on behalf of  
**HERITAGE FOODS LIMITED**

#### Registered Office:

#6-3-541/C, Panjagutta,  
Hyderabad – 500 082  
Telangana, India

CIN: L15209TG1992PLC014332

Tel.: +91-40-23391221/2

Fax: +91-40-23318090

E-mail: [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in)

Date: May 19, 2021

**N Bhuvaneshwari**

Vice-Chairperson & Managing Director  
(DIN: 00003741)

**N Brahmani**

Executive Director  
(DIN:02338940)

# FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

- Details of contracts or arrangements or transactions not at arm's length basis:** There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2021, which were not at arm's length basis.
- Details of contracts or arrangement or transactions at arm's length basis:**

Sr. No.	Name(s) of the related party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions during the Year (₹ In Millions)	Duration of contracts/ arrangements/ transactions
1	Heritage Nutrivet Limited (HNL)	Wholly Owned Subsidiary Company	Investment made (including financial guarantee)	1.00	During FY 2020-21
			Sale of products	5.15	Case to case purchase order/Invoice
			Financial guarantee income	2.38	During FY 2020-21
			Purchases	549.24	Case to case purchase order/Invoice
			Lease rental income	0.54	Yearly basis
			Purchase/(sale) of Property, plant and equipment	(0.14)	Case to case purchase order/Invoice
			Expenditure incurred on behalf of HNL	0.75	During FY 2020-21
			Brand income	3.46	Yearly basis
2	Heritage Novandie Foods Private Limited (HNFPL)	Joint Venture Company	Investment made (including financial guarantee)	74.64	During FY 2020-21
			Sale of products	0.10	Case to case purchase order/Invoice
			Financial guarantee income	1.23	During FY 2020-21
			Lease rental income	0.95	Yearly basis
			Expenditure incurred on behalf of HNFPL	1.86	One time transaction
3	Heritage Farmers Welfare Trust	Controlled Trust	Lease rental income	0.13	Yearly basis
			Purchase of Property, plant and equipment	1.45	Case to case purchase order/Invoice
4	Heritage Finlease Limited	Enterprises in which Key Managerial Persons exercise significant influence.	Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	1,012.12	Case to case basis
			Disbursement of loans to employees of the Company	17.92	Case to case basis
			Cattle loan facilitation charges	2.03	Monthly basis

Sr. No.	Name(s) of the related party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions during the Year (₹ In Millions)	Duration of contracts/ arrangements/ transactions
5	Nirvana Holdings Private Limited	Enterprises in which Key Managerial Persons exercise significant influence and holding 10% or more share holding in the company	Dividend paid	12.86	Yearly basis
6	NTR Memorial Trust	Enterprises in which Key Managerial Persons exercise significant influence.	CSR expenditure	9.98	Yearly basis
			Others	0.13	Case to case basis
7	Mrs. N. Bhuvanewari	Key Managerial personnel (Vice Chairperson and Managing Director)	Short-term employee benefits	110.80	As per terms of appointment
			Post-employment benefits	0.93	
			Other long-term benefits	0.87	
8	Mrs. N. Brahmani	Key Managerial personnel (Executive Director)	Short-term employee benefits	88.64	As per terms of appointment
			Post-employment benefits	0.47	
9	Dr. M. Sambasiva Rao	Key Managerial personnel (President)	Short-term employee benefits	34.96	As per terms of appointment
			Post-employment benefits	0.69	
			Other long-term benefits	1.24	
10	Mr. A. Prabhakara Naidu	Key Managerial personnel (Chief Financial Officer)	Short-term employee benefits	6.24	As per terms of appointment
			Post-employment benefits	0.32	
			Other long-term benefits	0.43	
11	Mr. Umakanta Barik	Key Managerial personnel (Company Secretary & Compliance Officer)	Short-term employee benefits	3.10	As per terms of appointment
			Post-employment benefits	0.16	

**Note:** Appropriate approvals has been taken from the Audit Committee and Board for the Related Party Transactions by the Company and no amount paid as advance for the above Related Party Transaction.

For and on behalf of  
**HERITAGE FOODS LIMITED**

**Registered Office:**

#6-3-541/C, Panjagutta,  
Hyderabad – 500 082  
Telangana, India  
CIN: L15209TG1992PLC014332  
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E-mail: [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in)  
Date: May 19, 2021

**N Bhuvanewari**  
Vice-Chairperson & Managing Director  
(DIN: 00003741)

**N Brahmani**  
Executive Director  
(DIN:02338940)

## PARTICULARS OF EMPLOYEE

(As per Sub-section (12) of section 197 of the Act and rules made thereof as amended from time to time)

### A. Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

#### i. Remuneration paid to whole-time directors

Name of the director	Title	Remuneration in FY 2020-21 (₹ in Million)*	Remuneration in FY 2019-20 (₹ in Million)*	% increase/ (Decrease) of remuneration in FY 2020-21 as compared to FY 2019-20	Ratio of remuneration to MRE
Mrs. N. Bhuvanewari	Vice Chairman & Managing Director	110.80	39.93	177.49	583.16
Mrs. N Brahmani	Executive Director	88.64	31.95	177.43	466.53

MRE: Median Remuneration of Employees

\* Remuneration including salary, Perks & Performance/Annual Pay

Note: Mrs. N Bhuvanewari, Director and Mrs. N Brahmani, Managing Director of the wholly owned subsidiary Company viz. M/s. Heritage Nutrivet Ltd., except the sitting fee of ₹ 0.07million & ₹ 0.05 million respectively for attending the Board meeting of the wholly owned subsidiary Company they have not received any other remuneration for the FY 2020-21.

The Whole-Time Directors of the Company are being paid monthly remuneration and Annual/Performance Pay as per the terms of appointment approved by the members at their meeting held on March 12, 2019 by way of postal Ballot.

#### ii. Sitting Fee paid to Non-Executive Directors

Name of the director	Sitting Fee in FY 2020-21 (₹ in Million)	Sitting Fee in FY 2019-20 (₹ in Million)	% increase / (decrease) of Sitting Fee in FY 2020-21 as compared to FY 2019-20
Mr. D. Seetharamaiah*	0.26	0.54	(52.78)
Mr. N Sri Vishnu Raju	0.68	0.47	43.62
Mr. Rajesh Thakur Ahuja	0.59	0.42	39.29
Mrs. Aparna Surabhi	0.60	0.35	71.43
Dr V Nagaraja Naidu	0.51	0.42	21.43

\* Mr. D. Seetharamaiah resigned from the Directorship of the Company on 01. 07 2020.

The above Directors are not paid any commission except the sitting fees for attending the Board and Committee meetings, hence ratio of remuneration to median remuneration not stated.

#### iii. Remuneration of other Key Managerial Personnel (KMP)

Name of the KMP	Title	Remuneration in FY 2020-21 (₹ in Million)	Remuneration in FY 2019-20 (₹ in Million)	% increase / (decrease) of remuneration in FY 2020-21 as compared to FY 2019-20	Ratio of Remuneration to MRE
Dr. M Sambasiva Rao	President	34.96	21.92	59.48%	182.08
Mr. A. Prabhakara Naidu	CFO	6.24	5.66	10.16%	32.47
Mr. Umakanta Barik	CS & CO	3.10	2.81	10.06%	16.12

\* Remuneration including Salary, Variable Pay, Perks & Performance Incentive

- The annual Median Remuneration of Employees (MRE) was ₹ 0.19 million and ₹ 0.17 million in financial year 2020-21 and financial year 2019-20 respectively. There is an increase of 10.34% in MRE in financial year 2020-21, as compared to financial year 2019-20.
- The number of permanent employees on the rolls of the Company as of March 31, 2021 was 3014
- The revenue was de-grown by 10.22% during financial year 2020-21 as compare to the previous financial year.

Board's Report

- The aggregate remuneration of employees excluding WTD increase in FY 2020-21 over the previous financial year was 3.60%
- The aggregate remuneration of employees including WTD increase in FY 2020-21 over the previous financial year was 29.02%
- The aggregate remuneration of KMP increased in FY 2020-21 over the previous financial year was 138.31%
- The Company affirms that the remuneration is as per the remuneration policy of the Company.

**iv Statement required under Rule 5(2) of the Companies (appointment and remuneration of Managerial Personal) Rules, 2014.**

S. No	Director/Employee Name	Designation	Annual Gross Remuneration Received for FY20-21** (₹ in Million)	Qualification	Total Years of Experience	Date of Joining in the Company	Age (Yrs)	Last Employment before Joining the Company	No of Equity Shares held in the Company
<b>(i) Director</b>									
1	Mrs. N Bhuvanewari	VC&MD	110.80#	B.A	27	12.12.1999	59	-	10661652
2	Mrs. N. Brahmani	ED	88.64#	B. Tech., MBA	13	28.06.2013	33	Vertex Venture Management Pvt Ltd, Singapore.	203200
<b>(ii) Employee</b>									
1	Dr. M Sambasiva Rao	President	34.96*	M.Sc, PhD	37	23.01.2006	64	Joint Secretary, Ministry Of Commerce And Industry, Govt. Of India	86784
2	Mr. A Prabhakara Naidu	CFO	6.24	B.Sc, C.A	32	22.09.2005	60	Heritage Foods Limited	-
3	Mr. J Samba Murthy	COO	5.59	MBA (Marketing)	32	01.04.2007	55	Reliance Life Science Ltd	600
4	Mr. D.V.R.K Prasad	Sr.VP	4.40	IDD(DT), BBA	38	07.11.1996	59	Salem Dairy	-
5	Mr. Ch Rajababu	Sr.GM	4.26	M.Tech, MDBA	24	12.04.2007	47	Reliance Industries Ltd	-
6	Mr. Dheeraj Tandon	Sr.GM	3.89	MBA(HR), PG Dip.(T&D)	22	05.10.2016	46	Meritor Commercial Vehicle Systems (India) Pvt Ltd	40
7	Mr. Balaji Adivishnu	GM	3.86	MBA (Mkt), MSc (Maths)	21	27.06.2019	46	Real Time Governance - Govt. Of India	-
8	Mr. Kotta Raja Babu	GM	3.41	M.Sc (CS), PG.DRDM, IDD(DT)	38	03.08.2007	60	Patni Computers	-
9	Mr. Suresh Kumar Patidar	Sr.GM	3.31	B.Tech (DT)	26	06.07.2012	52	Junagadh Dairy (Mother Dairy)	-
10	Mr. Umakanta Barik	GM	3.10	MA, LLB, FCS, LIII	20	28.01.2008	49	Biological E Limited	-

VC&MD: Vice Chairperson & Managing Director

ED: Executive Director

CFO: Chief Financial Officer

COO: Chief Operating Officer

Sr. VP: Senior Vice President

Sr. GM: Senior General Manager

GM: General Manager

# Remuneration including salary, Perks & Performance/Annual Pay

\* Remuneration includes Salary & Performance incentive

\*\* Gross Remuneration includes Monthly Remuneration, Variable Pay

All the above appointment are contractual and they are not relative of any Director of the company except Mrs. N Bhuvanewari and Mrs. N Brahmani are related to each other.

None of the employees of the company are working out side of India.

**B. Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014**

- i. Details of employee Employed throughout the financial year was in receipt of remuneration for that year which in the aggregate, was not less than One Crore and Two lakh rupees

Employee name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Gross Remuneration Paid (₹ in Millon)	Previous employment and designation
Dr. M Samba-siva Rao	President	M.Sc., Ph.D.	64	37	23/01/2006	34.96*	Joint Secretary, Ministry of Commerce and Industry Govt. of India

\* Remuneration includes Salary & Performance incentive

- ii. Details of employee Employed of the part of the financial year was in receipt of remuneration for any part of that year at a rate which, in the aggregate, was not less than Eight Lakhs and Fifty Thousand rupees per month: NIL

For and on behalf of  
**HERITAGE FOODS LIMITED**

**Registered Office:**

#6-3-541/C, Panjagutta,  
Hyderabad – 500 082  
Telangana, India  
CIN: L15209TG1992PLC014332  
Tel.: +91-40-23391221/2  
Fax: +91-40-23318090  
E-mail: [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in)  
Date: May 19, 2021

**N Bhuvanewari**  
Vice-Chairperson & Managing Director  
(DIN: 00003741)

**N Brahmani**  
Executive Director  
(DIN:02338940)

# FORM No. MR-3

## SECRETARIAL AUDIT REPORT

### For the Financial year ended 31st March, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,

### Heritage Foods Limited

CIN:L15209TG1992PLC014332  
# 6-3-541/C, Panjagutta,  
Hyderabad-500082

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Heritage Foods Limited (herein after called the "Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under as amended from time to time;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended from time to time:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
  - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; -- N.A.
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; -- N.A.
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; -- N.A.

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; -- N.A.
- (j) The Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015.
- (vi) **We further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
  - a) Food Safety and Standards Act, 2006 and the Rules made there under
  - b) The Prevention of Foods Adulteration Act, 1954 and the Rules made there under

We have also examined compliance with the applicable clauses of the following as amended from time to time:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, New Delhi. and
- (ii) The Listing Agreements entered into by the Company with the BSE Limited and the National Stock Exchanges of India Limited, Mumbai

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

**We further report that**, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors & Woman Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

**We further report that** based on the information provided and the representation made by the Company and also on the review of the compliance certificates / reports taken on record by the Board of Directors of the Company, in our opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further Report that** during the audit period of the Company: There was no instance of: Demerger/ Restructuring/ Scheme of Arrangement

**We further report that**, during the audit period the company has sought the approval of its members through postal ballot in compliance with MCA circulars for following main events.

- To approve for giving guarantee or providing security under Section 185 of Companies Act, 2013 to the Joint Venture Company
- To approve for giving loan or guarantee or providing security in connection with loan availed by any of Company's Subsidiary, Associate, Joint Venture Company and other person specified under section 185 of the Companies Act, 2013.

**We further report that**, our Audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliances on the part of the Company.

**For SAVITA JYOTI ASSOCIATES**

Place: Hyderabad

Date: 21.04.2021

**Savita Jyoti**

Partner

M. No. FCS-3738, CP. No. 1796

UDIN# F003738C000146331

This Report is to be read with our testimony of even date which is annexed as Annexure- A and forms an integral part of this report.

## ANNEXURE-A TO SECRETARIAL AUDIT REPORT

To  
The Members,

### Heritage Foods Limited

CIN:L15209TG1992PLC014332  
# 6-3-541/C, Panjagutta,  
Hyderabad-500082

Our report of even date is to be read along with this supplementary testimony.

- a) Maintenance of Secretarial record is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- d) Whenever required, we have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc. We have also verified the applicable provisions of IEPF which is complied by the Company.
- e) The Compliance of the provisions of Corporate and other applicable laws, rules and regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company

for **SAVITA JYOTI ASSOCIATES**

Place: Hyderabad  
Date: 21.04.2021

**Savita Jyoti**  
Partner

M. No. FCS-3738, CP. No. 1796  
UDIN# F003738C000146331

## SECRETARIAL COMPLIANCE REPORT OF M/S. HERITAGE FOODS LIMITED

CIN:L15209TG1992PLC014332

#6-3-541/C, Panjagutta, Hyderabad- 500 082, Telangana, INDIA

For the Financial year ended 31<sup>st</sup> March, 2021

[as per the regulation 24(A) of SEBI (LO&DR) Regulations,2015 as amended from time to time]

I, Savita Jyoti, Partner of M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796, M.No.3738), have examined:

- (a) all the documents and records made available to us and explanation provided by M/s. Heritage Foods Limited
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the Company,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2021 in respect of compliance with the provisions of :

- (i) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (ii) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable during the year under review
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable during the year under review
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable during the year under review
- (g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013; Not Applicable during the year under review
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

and based on the above examination, I/We hereby report that, during the Review Period:

- i. The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder,
- ii. The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.
- iii. There are no actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:
- iv. There are no observation made in previous report, hence action taken from listed entity was not required.

for SAVITA JYOTI ASSOCIATES

Place: Hyderabad

Date: 21.04.2021

Savita Jyoti

Partner

M. No. FCS-3738, CP. No. 1796

UDIN# F003738C000146334

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members,

### Heritage Foods Limited

CIN:L15209TG1992PLC014332  
# 6-3-541/C, Panjagutta,  
Hyderabad-500082

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Heritage Foods Limited having CIN:L15209TG1992PLC014332 and having registered office at # 6-3-541/C, Panjagutta, Hyderabad-500082, Telangana, India produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Last Appointment in Company
1	Mr. N Sri Vishnu Raju	00025063	30/08/2019
2	Mr. Rajesh Thakur Ahuja	00371406	19/08/2016
3	Mrs. Aparna Surabhi	01641633	01/04/2019
4	Dr.VadlamudiNagaraja Naidu	00003730	28/08/2020
5	Mrs. N Bhuvanewari	00003741	01/04/2019
6	Mrs. N Brahmani	02338940	01/04/2019

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **SAVITA JYOTI ASSOCIATES**

Place: Hyderabad  
Date: 21.04.2021

**Savita Jyoti**  
Partner

M. No. FCS-3738, CP. No. 1796  
UDIN# F003738C000146188

# FORM No. MR-3

## SECRETARIAL AUDIT REPORT

For the Financial year ended 31<sup>st</sup> March, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,

### Heritage Nutrivet Limited

CIN: U15400TG2008PLC062054

# 6-3-541/C, 4<sup>th</sup> Floor, Panjagutta,  
Hyderabad-500082, Telangana, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Heritage Nutrivet Limited (herein after called the "Company"). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my verification of the Company's, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under as amended from time to time;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the company:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Not Applicable
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time; Not Applicable
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not Applicable
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable.
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable
- (i) The Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015; Not Applicable

We have also examined compliance with the applicable clauses of the following as amended from time to time:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, New Delhi.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that,** the Company has, in my opinion generally complied with the provisions of the Companies Act, 2013 and the Rules made there under that Act as notified by the Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to

- a) Maintenance of various statutory registers and documents and making necessary entries therein.
- b) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government.
- c) The Annual General Meeting held on 21<sup>st</sup> August, 2020.
- d) Minutes of the proceedings of General meetings and of the Board Meetings.
- e) Constitution of the Board of Directors, appointment, retirement and reappointment of Directors including the Managing Director.
- f) During the year under review the Board of Directors met 5 times, i.e May 21, 2020, July 24, 2020, October 23, 2020, January 19, 2021 and March 24, 2021. The time gap between the two Board meetings is within 120 days as per the Secretarial Standard-1.
- g) No Payment of remuneration was made to Directors including the Managing Director/Whole-time Directors except sitting fees for attending Board and Committee Meetings.

**I further report that,** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the applicable laws applicable specifically to the Company.

**I further report that,** based on the information received and records maintained there are adequate systems and process in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **K L B & ASSOCIATES**

**CS Khusboo Laxmi Bhagat**

M. No:9376, CP No:14703

UDIN: FOO9376C000157953

Place: Hyderabad

Date: 22-04-2021

**ANNEXURE-A TO SECRETARIAL AUDIT REPORT**

To,  
The Members,

**Heritage Nutrivet Limited**

CIN: U15400TG2008PLC062054

# 6-3-541/C, 4<sup>th</sup> Floor, Irrum Manzil Colony

Panjagutta, Hyderabad-500082

My report of even date is to be ready along with this supplementary testimony.

- a) Maintenance of Secretarial record is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) I have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- c) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- d) Whenever required, I have obtained Management representation about the compliance of laws, rules and regulations and happenings of events etc.
- e) The Compliance of the provisions of Corporate and other applicable laws, rules and regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

For **K L B & ASSOCIATES**

**CS Khusboo Laxmi Bhagat**

M. No:9376, CP No:14703

UDIN: FOO9376C000157953

Place: Hyderabad

Date: 22-04-2021

# THE ANNUAL REPORT ON CSR INITIATIVES

## 1. Brief outline on CSR Policy of the Company

The Board of Directors has adopted a CSR policy to enable the Company to carry-out CSR activities in all the activities that are mentioned in the Schedule VII to the Companies Act, 2013. The CSR initiatives of the Company are mainly focused in hunger, poverty, education, healthcare, environment, relief, disaster management etc. and Covid-19 related activities as permitted by the law. The projects undertaken during the Financial Year 2020-21 were within the broad framework of Schedule VII to the Companies Act, 2013. Details of the CSR policy of the Company is available on the website of the Company at [www.heritagefoods.in](http://www.heritagefoods.in).

## 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. D Seetharamaiah*	Chairman	1	1
2	Mr. Rajesh Tahkur Ahuja^	Chairman	1	-
3	Mr. N Srivishnu Raju	Member	1	1
4	Mrs. N Bhuvanewari	Member	1	1

\* Mr. D Seetharamaiah has resigned from the Committee on 1<sup>st</sup> July, 2020

^ Mr. Rajesh Thakur Ahuja has appointed as Chairman of the Committee wef. 1<sup>st</sup> July, 2020

## 3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

Composition of CSR Committee: <https://www.heritagefoods.in/committee>

CSR Policy: <https://www.heritagefoods.in/policy>

CSR Projects: <https://www.heritagefoods.in/static/images/pdf/CSR%20Activities%20for%20FY%202021-22.pdf>

## 4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable: (attach the report): Not Applicable

## 5. The amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
		Not Applicable	

## 6. Average net profit of the company as per section 135(5) :

₹ 1028.06 million for FY 2019-20

## 7.

Sl. No.	Particulars	Amount (₹ in Million)
1	Two percent of average net profit of the company as per section 135(5) as on 31st March, 2020 [A]	20.56
2	Surplus arising out of the CSR projects or programmes or activities of the previous financial years [B]	-
3	Amount required to be set off for the financial year, if any [C]	-
	Total CSR obligation for the financial year 2020-21 [A]+[B]+[C]	20.56

## 8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year 2020-21 (₹ in Million)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
20.56	Nil	NA	NA	Nil	NA

## (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (₹ in Million)	Amount spent in the current financial Year (₹ in Million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in Million)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District						Name	CSR registration number
1.	Promoting Healthcare, Education	Promoting Healthcare, Education	No	—	—	—	9.98	—	Nil	No	NTR Memorial Trust	CSR00001602
<b>Total</b>							<b>9.98</b>					

The above amount was transferred to NTR Memorial Trust (Implementing Agency) to carry out the activities such as promoting education and healthcare etc. The details of utilization of the fund is yet to receive from NTR Memorial Trust.

## (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name Of the Project.	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (₹ in Million)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing Agency	
				State	District			Name	CSR registration number
1	Relief to fight against the COVID-19 pandemic	Disaster Relief Fund	No	AP Telangana Karnataka Tamilnadu Maharashtra Delhi	-	10.00	No Through CM / Disaster Relief Fund	NA	NA

(1) Sl. No.	(2) Name Of the Project.	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (₹ in Million)	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of implementation - Through implementing Agency	
				State	District			Name	CSR registration number
2	GO GREEN DHARMAPURI	Environment	Yes	Tamilnadu	Dharmapuri	0.08	No Through Tamil Nadu Pollution Control Board	NA	NA
3	Rural Development	Rural Development	Yes	Telangana	Rangareddy	0.50	No Through Shamirpet Gram Panchayat	NA	NA
<b>Total</b>						<b>10.58</b>			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 20.56 million

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ in Million)
1.	Two percent of average net profit of the company as on 31st March, 2020 as per section 135(5)	20.56
2.	Total amount spent for the Financial Year 2020-21	20.56
3.	Excess amount spent for the financial year [(ii)-(i)]	Nil
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Million)	Amount spent in the reporting Financial Year (₹ in Million)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (₹ in Million)
				Name of the Fund	Amount (₹ in Million)	Date of transfer.	
1.				Nil			
<b>Total</b>							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project.	Financial Year in Which the project was commenced	Project duration	Total amount allocated for the project (₹ in Millon)	Amount spent on the project in the reporting Financial Year (₹ in Millon)	Cumulative amount spent at the end of reporting Financial Year. (₹ in Millon)	Status of the project - Completed / Ongoing.

₹32.26 Millon was lying with NTR Memorial Trust (Implementing Agency) as on 31st March, 2021 to be spent on the project such as, promoting education & healthcare and disaster management.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Nil
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **NA**

For and on behalf of  
**HERITAGE FOODS LIMITED**

**Rajesh Thakur Ahuja**  
(DIN: 00371406)  
Chairman CSR Committee

**N. Bhuvanewari**  
(DIN: 00003741)  
Vice –Chairperson & Managing Director

**A Prabhakara Naidu**  
(M No: FCA 200974)  
Chief Financial Officer

# Business Responsibility Report 2020-21

<b>CONTENTS</b>	
<b>Section A:</b>	<b>General Information about the Company</b>
<b>Section B:</b>	<b>Financial Details of the Company</b>
<b>Section C:</b>	<b>Other Company's Details</b>
<b>Section D:</b>	<b>Business Responsibility Information</b>
<b>Section E:</b>	<b>Principle-wise Performance</b>
<b>Principle 1:</b>	<b>Ethics, Transparency and Accountability</b>
<b>Principle 2:</b>	<b>Safety and Sustainability</b>
<b>Principle 3:</b>	<b>Well-being of all Employees'</b>
<b>Principle 4:</b>	<b>Protection of Stakeholders Interest</b>
<b>Principle 5:</b>	<b>Respecting and Promoting Human Rights</b>
<b>Principle 6:</b>	<b>Respecting and Protecting Environment</b>
<b>Principle 7:</b>	<b>Responsibility towards Public and Regulatory Policy</b>
<b>Principle 8:</b>	<b>Inclusive Growth &amp; Equitable Development</b>
<b>Principle 9:</b>	<b>Consumer Value</b>

## Section A: General Information about the Company

- Corporate Identity Number of the Company:**  
L15209TG1992PLC014332
- Name of the Company:** Heritage Foods Limited
- Registered Address:** #6-3-541/C, Punjagutta, Hyderabad-500082, Telangana, India
- Website:** [www.heritagefoods.in](http://www.heritagefoods.in)
- E-mail ID:** [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in)
- Financial Year reported:** 1<sup>st</sup> April to 31<sup>st</sup> March
- Sector(s) that the Company is engaged in (industrial activity code-wise):**

The Company is engaged in the business of procurement and processing of Milk & Milk products, manufacturing of cattle feeds and also generation of power through solar & wind for the captive consumption of its dairy plants.

Industrial Group	Description
105	Manufacture of dairy products
351	Generation of power through solar & wind for the captive consumption of its dairy plants

Note: The above grouping is as per National Industrial Classification of the Ministry of Statistics and Programme Implementation.

- List three key products / services that the Company manufactures/ provides (as in balance sheet):**
  - Milk
  - Milk products.
  - Generation of power
- Total number of locations where business activity is undertaken by the Company:**
  - Number of international locations: The Company does not carry on business at any international location.
  - Number of national locations: The Company's businesses and operations are spread in 207 locations across the country.
- Markets served by the Company:** The Company products have a national presence and a few products are exported.

## Section B: Financial Details of the Company as on March 31, 2021

1. Paid up Capital:	₹ 231.99 Million
2. Revenue from operation:	₹ 24070.29 Million
3. Total Profit After Tax:	₹ 1451.64 Million
4. Total spending on Corporate Social Responsibility (CSR) as a Percentage of profit after tax (%):	1.42%
5. List of activities in which expenditure in Sr.No.4 above has been incurred:	
a) Chief Minister/Disaster Relief Fund to fight against the COVID-19 pandemic	
b) Promoting education (building the classrooms and hostels for pursuing their educations)	
c) Preventive health care	
d) Environmental Sustainability	
e) Rural Development Projects	

## Section C: Other Company's Details

- Does the Company have any Subsidiary Company / Companies?**  
Yes, as on March 31, 2021, the Company has one wholly owned subsidiary namely M/s. Heritage Nutrivet Limited (Formerly Known as M/s. Heritage Foods Retail Limited) (CIN:U15400TG2008PLC062054) and one Associate Company namely M/s SKIL Raigam Power (India) Limited (CIN:U40102TG2009PLC063671) and one Joint Venture Company namely M/s. Heritage Novandie Foods Private Limited (CIN:U74999TG2017PTC 120860).
- Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company?**  
No participation by the said subsidiary in business responsibility initiatives.
- Does any other entity / entities (suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?**  
The Company encourages its suppliers, dealers and other stakeholders to support various initiatives taken by the Company towards its business responsibility.

## Section D: Business Responsibility Information

### 1. Details of Director / Directors responsible for BR:

#### a. Details of the Director / Directors responsible for implementation of the business responsibility policy / policies

<b>DIN</b>	00003741
<b>Name</b>	Mrs. N Bhuvanewari
<b>Designation</b>	Vice Chairperson and Managing Director

<b>DIN</b>	02338940
<b>Name</b>	Mrs. N Brahmani
<b>Designation</b>	Executive Director

#### b. Details of the BR Head

<b>DIN</b>	00003741
<b>Name</b>	Mrs. N Bhuvanewari
<b>Designation</b>	Vice Chairperson and Managing Director
<b>Tel No.</b>	040 – 23391221
<b>Email ID</b>	<a href="mailto:hfl@heritagefoods.in">hfl@heritagefoods.in</a>

<b>DIN</b>	02338940
<b>Name</b>	Mrs. N Brahmani
<b>Designation</b>	Executive Director
<b>Tel No.</b>	040 – 23391221
<b>Email ID</b>	<a href="mailto:hfl@heritagefoods.in">hfl@heritagefoods.in</a>

### 2.1 Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These are briefly are as under:

- Principle 1: Ethics, Transparency and Accountability [P1]
- Principle 2: Safety and Sustainability [P2]
- Principle 3: Well-being of all Employees' [P3]
- Principle 4: Protection of Stakeholders Interest [P4]
- Principle 5: Respecting and Promoting Human Rights [P5]
- Principle 6: Respecting and Protecting Environment [P6]
- Principle 7: Responsibility towards Public and Regulatory Policy [P7]
- Principle 8: Inclusive Growth & Equitable Development [P8]
- Principle 9: Consumer Value [P9]

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes. The policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs, Govt of India								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Yes. The policies have been approved by the Board and signed by the Vice Chairperson and Managing Director.								

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes, the Company's officials/ respective departments are authorised to oversee the implementation of the policy								
6	Indicate the link for the policy to be viewed online?	Policies are available in the following link: <a href="https://www.heritagefoods.in/uploads/investors/pdf/16093093834B_R_Policy.pdf">https://www.heritagefoods.in/uploads/investors/pdf/16093093834B_R_Policy.pdf</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been communicated to all the internal and external stakeholders								
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, any grievances or feedback to the policies can be sent to <a href="mailto:hfl@heritagefoods.in">hfl@heritagefoods.in</a>								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Policy relating to Environment, Health and Safety are evaluated by internal as well as external ISO audit agencies. The Whistle Blower Policy is reviewed by the Audit Committee of the Board annually.								

## 2.2 If answer to Sr. No.2.1 against any principle is 'No', please explain why: (Tick up to 2 options)

Not applicable since the response to none of the Principles is in negative.

## 3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year.**

There is no defined frequency. Assessment is an ongoing exercise and is an inherent part of corporate functions.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

No

## Section E: Principle-wise Performance

**Principle 1:** Business should conduct and govern themselves with Ethics, Transparency and Accountability

- 1.1 Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs /Others?**

The Company adopted the Code of Ethics and Business Policies governing conduct of business of the Company in an ethical manner. The Company encourages its business partners to follow the code.

The Board of the Company has also adopted a Code of Conduct (Code) which applies to the Directors, Key Managerial Personnel and the senior management of the Company. The Company obtains an annual confirmation affirming compliance with the Code from the Directors Key Managerial Persons and the senior management every year.

- 1.2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

The Company received 127 complaints/requests from the members during 2020-21 and there were no complaints pending as on March 31, 2021.

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

- 2.1 List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Implemented ISO 22000 (Food Safety), ISO 14001 (Environmental Safety) and ISO 50001 (Effective Energy Management System)

**2.2 Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Our Company's sourcing of milk has increased many folds sine last 29 years. We have a sustainable sourcing from farmers across the states we are operating. To keep our sourcing sustainable we do undertake lot of activities which help farmers keep supplying milk to us.

**2.3 Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Milk which is the raw material for the Dairy is procured locally from small farmers in the nearby villages. The Farmers are encouraged to produce more milk through extensive E&I activities which includes Artificial Insemination, Cattle Loans, subsidized feed, free medical camps, supply of fodder slips, etc and their total Milk produced is accepted without any restriction in any season.

**2.4 Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5 per cent, 5-10 per cent, >10 per cent).**

The Company is not having any policy to recycle the products. In case of waste such as: water shall be treated before utilizing for irrigation purpose within the plant premises.

**Principle 3:** Businesses should promote the well being of all employees

**3.1 Total number of employees:** 3014

**3.2 Total number of employees hired on temporary/contractual/ casual basis:** 3000

**3.3 The number of permanent women employees:** 48

**3.4 The number of permanent employees with disabilities:** Nil

**3.5 Do you have an employee association that is recognized by management?**

Presently, Company does not have any employee association.

**3.6 What percentage of your permanent employees is members of this recognized employee association? –** NA

**3.7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child Labour / forced Labour/ involuntary	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

**3.8 What percentage of your under mentioned employees were given safety and skill upgradation training in the last year?**

- a. Permanent Employees – 98%
- b. Permanent Women Employees – 99%
- c. Casual/Temporary/Contractual Employees – 98%
- d. Employees with Disabilities – Nil

**Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

**4.1 Has the Company mapped its internal and external stakeholders?**

Yes, the Company has mapped the stakeholders i.e. farmers, customers, shareholders, employees, suppliers, banks and financial institutions, government and regulatory bodies.

**4.2 Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

The Company continuously engages with farmers and identifies their needs and priorities so as to serve.

**4.3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company has taken special initiatives through its trust for welfare of the farmers. The activities includes cattle insurance, insurance coverage for farmers, healthcare facilities for milch animals, case reward for meritorious students and relief activities in case of any unforeseen calamities.

**Principle 5:** Businesses should respect and promote human rights. The Company respects and promotes human rights for all individuals. The Company's commitment to human rights and fair treatment is set in its Policy on Human Rights.

**5.1 Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures / Suppliers/ Contractors / NGOs / Others?**

The Company follows its policy on Human Rights which are applicable to all employees in the Company. The Company encourages its Business Partners to follow the policy. Company discourages dealing with any supplier/contractor if it is in violation of human rights and also prohibits the use of forced or child labour at all manufacturing units /with business associates.

**5.2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company has not received any stakeholder complaint pertaining to human rights during the financial year 2020-21.

**Principle 6:** Business should respect, protect and make efforts to restore the environment

**6.1 Does the policy related to Principle 6 cover only the company or extends to the Group /Joint Ventures / Suppliers / Contractors / NGOs /others.**

The Company follows its policy on Environment Protection which is applicable to all its business places.

**6.2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.**

Company is in constant lookout for opportunities for reducing its own operational environmental footprint. Use of renewable energy to the extent possible & energy conservation efforts are in line with global initiatives such as climate change.

**6.3 Does the company identify and assess potential environmental risks?**

Yes, the Company has a mechanism to identify and assess potential environmental risks in its plants and projects. The Company is consistently putting in efforts to improve the environment protection measures further.

**6.4 Does the company have any project related to Clean Development Mechanism?**

Currently no projects related to Clean Development Mechanism have been taken up by the Company. However we are in constant lookout for opportunities in this regard.

**6.5 Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.**

The Company has designed technologies to enable resource efficient, sustainable manufacturing processes and technologies required to manufacture its products. The efforts of the Company are aimed to minimise energy consumption by adopting energy conservation measures.

**6.6 Are the Emissions/Waste generated by the Company within the permissible limits given by Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) for the financial year being reported?**

Company's emissions/waste generated was always within the regulatory defined limits.

**6.7 Number of show cause/ legal notices received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

The Company has not received any show cause notice or legal notice from Central Pollution Control Board/State Pollution Control Board during 2020-21.

**Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

**7.1 Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is a member of The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI) and The Confederation of Indian Industry (CII).

**7.2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas.**

Company's Senior Management represents the Company in various industry forums. They understand their responsibility while representing the company in such associations, and while they engage in constructive dialogues and discussions in favour of public good.

**Principle 8:** Businesses should support inclusive growth and equitable development

**8.1 Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8?**

The Company undertakes the initiatives through the CSR committee of the Board as per the CSR policy of the Company. A brief outline of the policy for undertaking the CSR activities of the Company includes the following:

- Promoting education
- Enhancing the vocational skills
- Supply of clean drinking water
- Promoting and preventive health care
- Environment Sustainability
- Rural Development projects
- Disaster management, relief and rehabilitation

**8.2 Are the programmes/projects undertaken through in-house team/own foundation / external NGO / government structures /any other organization?**

The Company's Social Responsibility Projects have been carried out by the Company directly and/or through implementing agencies (i.e. NTR Memorial Trust, Hyderabad).

**8.3 Have you done any impact assessment of your initiative? (From CSR)**

As per the CSR amendment Rule, 2021 the impact assessment studies are not required by the Company. However internally the Company performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the programme in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

**8.4 What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

The Company spent an amount of ₹20.56 million on community development project, the activities details are as follows:

- Relief to fight against the COVID-19 pandemic: ₹10.00 million
- Promoting education&preventive health care: ₹9.98 million
- Environment : ₹0.08 million
- Rural Development: ₹0.50 million

**8.5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Companies CSR initiatives are rolled out in partnership with Trust. This helps in increasing reach as well as ensuring

the adoption of initiative by communities. CSR Committee of the Board track the reach and takes necessary steps to make it successful.

**Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner

**9.1 What percentages of customer complaints / consumer cases are pending as on the end of financial year?**

There are no consumer complaints pending as on the end of financial year.

**9.2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)**

No, the Company adheres to all the applicable regulations regarding product labelling and displays relevant information on it.

**9.3 Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.**

Neither any complaint was filed relating to above during the past five years nor is any complaint pending as at the end of financial year.

**9.4 Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Yes, Consumer satisfaction is important for business. Company connects with consumer with multiple touch points. A survey is conducted with consumers to understand the product quality feedback.

For and on behalf of  
**HERITAGE FOODS LIMITED**

**Registered Office:**  
#6-3-541/C, Panjagutta  
Hyderabad – 500 082  
Telangana, India  
CIN: L15209TG1992PLC014332  
Tel.: +91-40-23391221/2  
Fax: +91-40-23318090  
E-mail: hfl@heritagefoods.in  
Date: May 19, 2021

**N Bhuvanewari**  
Vice-Chairperson & Managing Director  
(DIN: 00003741)

**N Brahmani**  
Executive Director  
(DIN:02338940)

## Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

### A. Conservation of Energy

"Your Company is committed to looking for innovative ways to optimize the energy mix towards cleaner, more efficient forms of energy increasing share of renewable energy sources, while continuing to reduce consumption. Your Company continue to investigate the feasibility of technologies with the potential to reduce emissions and contribute to energy efficiency".

- i. Energy conservation dictates how efficiently a company can conduct its operations. The Company has recognized the importance of energy conservation in decreasing the deleterious effects of global warming and climate change. The Company has undertaken various energy efficient practices that have reduced the growth in carbon di-oxide (CO2) emissions and strengthened the Company's commitment towards becoming an environment friendly organization. A dedicated 'Energy Conservation Cell' is focusing on energy management and closely monitor energy consumption pattern across all manufacturing sites. Periodic energy audits are conducted to improve energy performance.
- ii. During the period under review the Company has not invested any additional amount in energy conservation equipment's.

### B. Technology Absorption

- i. The efforts made by the Company towards technology absorption during the year under review are:
  - Installed Compact type skid mounted refrigeration system
  - Installed energy efficient evaporative conditioner/compressor
  - Installed of high energy efficient ammunition screw compressor system along with variable frequency drive (VFD)
  - Commissioned 2TPH and 4TPH Biomass Fuel Fired Boilers
  - Provided LED lighting system to all applicable packing stations
  - Installed Automatic CIP system
  - Provided Crate conveyor system
  - Suitable Flooring for better Hygiene
  - Implemented Automatic milk analyzer for accurate quality/quantity management system
  - Installed automatic power measurements ABT method systems
  - Installed High efficiency Homogenisers.
- ii. The benefits derived like product Improvement, cost reduction, product development or import substitution: Energy saving & reduction of cost of products, improved product quality.
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : Nil
- iv. The Expenditure incurred on Research and Development : ₹ 13.01 Millon

### C. Foreign Exchange Earnings and Outgo

During the year under review foreign exchange earnings were ₹ Nil (previous Year ₹ 107 Millon) and foreign exchange outgo was ₹ 31.37 Millon (Previous year ₹ 5.30 Millon).

For and on behalf of  
**HERITAGE FOODS LIMITED**

Registered Office:  
#6-3-541/C, Panjagutta  
Hyderabad – 500 082  
Telangana, India  
CIN: L15209TG1992PLC014332  
Tel.: +91-40-23391221/2  
Fax: +91-40-23318090  
E-mail: hfl@heritagefoods.in  
Date: May 19, 2021

**N Bhuvaneswari**  
Vice-Chairperson & Managing Director  
(DIN: 00003741)

**N Brahmani**  
Executive Director  
(DIN:02338940)

# Management Discussion & Analysis (MD&A)

## CORPORATE OVERVIEW

Heritage Foods Limited (the Company) being considered as the one of the top nutrition provider having the vision for a better future, a future where everyone enjoys the benefits of positive sociability and living well through responsible consumption and easy access to good nutrition. Where our people, consumers, customers, suppliers and all of the communities we touch thrive and prosper and it's this vision that helps guide our decision making at every level of the organisation. We do this through nutrition initiatives like Our Goodness Promise, which celebrates the existing goodness of our products, and illustrates our commitment to further improve their nutritional valued by supplying processed milk and other value added products to consumers in the urban areas. We now have over 29 years of legacy in the Indian dairy space.

The Company has adopted Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standard) Rules 2015 as amended from time to time and accordingly the Standalone & Consolidated Financial Statements have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 read with the Rules made thereunder.

The Management accepts responsibility for the integrity and objectivity of the financial statements, as well as for the various estimates and judgments used therein. These estimates and judgments relating to financial statements are prudently made to reflect in a true and fair manner in line with the form and substance of transactions. This also enables in reasonably presenting the Company's state of affairs and statement of profit & loss and cash flows for the year ended March 31, 2021.

## GLOBAL ECONOMY

The global economy witnessed an unprecedented crisis in 2020 as the outbreak of the novel coronavirus (COVID-19) in China towards the end of 2019 spread rapidly across the globe. The rising human toll worldwide and the millions of people that remain unemployed have resulted in the extreme social and economic strain that the global community still confronts. While ensuing lockdowns announced by all major economies played a critical role in saving lives, they resulted in severe damage to economic activities, thereby plunging the world economy into a recession.

As per the International Monetary Fund (IMF), the global economy contracted by 3.3% vis-à-vis 2.8% growth registered in 2019. While Advanced Economies (AEs) declined by 4.7%, with

the USA and Europe contracting by 3.5% and 6.6% respectively, Emerging Markets and Developing Economies (EMDEs) clocked a relatively less contraction of 2.2%, the improvement largely reflects rebound in the Chinese economy in the second half of CY 2020 post successful containment of virus spread in the country. (Source: IMF WEO)

### Global Economic Growth: Actual and Projections (%)

Particulars	2019	2020	2021(P)	2022(P)
Global output	2.8	(3.3)	6.0	4.4
Advanced Economies	1.6	(4.7)	5.1	3.6
Emerging Markets and Developing Economies (EMDEs)	3.6	(2.2)	6.7	5.0

Source: IMF World Economic Outlook, April 2021, P= Projections

Following the devastating health and economic crisis, the global economy appears to be emerging from one of its deepest recessions and beginning a subdued recovery. Substantial fiscal and monetary stimulus packages enforced by the governments and central banks across the globe have been playing a pivotal role in the economic recovery. Successful vaccination programs will boost investor sentiment and will lead to kickstart private capital inflows and fixed capital formation. Backed by improving macro-economic indicators, the IMF estimates the global economy to grow at 6.0% in 2021. However, limiting the spread of the new strain of the virus; providing relief to vulnerable populations; and overcoming vaccine-related challenges are key policy priorities. (Source: IMF WEO April, 2021)

## INDIAN ECONOMY

The Indian economy is estimated to have contracted by 8.0% in FY 2020-21 as against 4.0% growth recorded in FY 2019-20, marking a recession since 1980. Overall economic slowdown, led by COVID-19 on stage followed by stringent lockdowns severely impacted economic activity, bringing manufacturing and trading activities to a screeching halt. Prolonged lowdown exacerbated existing vulnerabilities of the country including the weakened financial sector, private investments/and consumption demand. The escalating second wave of coronavirus infections present a risk to the growth forecast for FY 2021-22 as the re-imposition of virus management measures is expected to curb economic activity and could dampen market and consumer sentiment.

The Government announced a special comprehensive package of ₹ 20 lakh crore, equivalent to 10% of India's GDP under 'Self-Reliant India' movement to revive the country's languishing

economic activity. The package focused on providing benefits in the form of financial aid, provision of food, and ensuring security to enable the country to tackle the economic fallout. Notable measures included:

- Direct cash transfer benefits to over 87 million Indian farmer families
- Special relief package and free food and gas distribution to the marginalized population
- Liquidity measures to banking and financial institutions and micro, small and medium enterprises (MSMEs) to boost credit growth
- Medical covers for health workers
- The target for agricultural credit has been increased to ₹16.5 lakh crores in order to ensure availability of higher credit to farmers and for sectors like animal husbandry, dairy, and fisheries.

The Reserve Bank of India (RBI) continued with the accommodative monetary stance by bringing key repo rate and reverse repo rate to 4% and 3.35% respectively to provide monetary stimulus and trigger economic growth back to the earlier trajectory.

The fiscal and monetary stimulus provided by the Government and RBI would assist greatly in the recovery of the economy. Despite the challenges posed by the COVID-19 in FY 2020-21, the outlook for FY 2021-22 seems promising largely due to relaxations in lockdowns, large scale vaccination drives, normalization of economic activities, thrust on reviving manufacturing and infrastructure sector and the country's increasing prominence in the global supply chain.

## DAIRY INDUSTRY REVIEW

### Global Dairy Industry

The outbreak of COVID-19 has acted as a massive restraint on the dairy food market as supply chains were disrupted due to trade restrictions and consumption declined due to lockdowns imposed by governments. However, the industry showed a rebound to \$722.14 billion in 2021 at a compound annual growth rate (CAGR) of 6.9%. Growth has been primarily driven by rising consumption of dairy products to fulfill the protein requirement of the body, a shift in consumers' preference from meat to dairy products for protein enrichment, the development of modern cold chain logistics, population growth and rapid urbanisation. The market is expected to reach \$956.26 billion in 2025 at a CAGR of 7%.

The per capita consumption of milk and milk products is higher in developed countries, but the gap with many developing countries is narrowing. Demand for milk and milk products in

developing countries is growing with rising incomes, population growth, urbanization and changes in diets. This trend is pronounced in East and Southeast Asia, particularly in highly populated countries such as China, Indonesia and Vietnam. The growing demand for milk and milk products offers a good opportunity for producers in high-potential, semi-urban areas to enhance their livelihoods through increased production. There has been a shift in the demand for clean label products which are free from additives, artificial preservatives or chemicals. Owing to this, manufacturers are prompted to expand their product portfolio with the introduction of organic dairy products. The value-added dairy products segment is steadily grabbing the consumer's basket due to lifestyle changes, a rising preference for healthful and nutritional food, rise in the demand for lactose-free milk, etc.

### Indian Dairy Industry

India has been the leading producer and consumer of dairy products worldwide with a sustained growth in the availability of milk and milk products. Dairy activities form an essential part of the rural economy, serving as an important source of income and employment. However, the milk production per animal is significantly low compared to the other major dairy producers. Moreover, nearly all of the dairy produce is consumed domestically, with the majority of it being sold as liquid milk. According to the 'Dairy Industry in India 2021 Edition' by IMARC Group, the dairy market in India stood at ₹ 11,360 billion in 2020.

Liquid milk is the most widely consumed dairy product in India and is considered a vital source of essential nutrients. Market for liquid milk is expected to grow at a Compound Annual Growth Rate (CAGR) of 7% over 2021-25. The industry is seen aggressively transitioning from loose milk to value-added products (VAP) market and from unorganized to an organized and branded market. These two structural shifts from unorganized to organized market and from liquid milk/powder to value-added dairy products will provide long-term growth visibility to the organized dairy sector. Demand for value-added products is seen being driven by increasing urbanization and nuclearization, rising number of dual income households with working women and improved per capita spending. Further, the dairy market is expected to reach a value of \$417.26 billion by 2025, exhibiting a CAGR of 7% over 2021-25.

### COVID-19 Impact

The COVID-19 pandemic-induced lockdown has created a vital adverse impact on different sectors, including that of agriculture and allied sectors in India and several other countries. The crisis is severe in countries like India where dairy farming is one of the most essential sources of sustenance and regular income for 60 million rural households of which 80 percent are landless, small, and marginal farmers. The COVID-19 pandemic

has opened up the opportunity for the dairy industry to benefit as large sections of consumers may shift from meat-based to dairy-based protein. COVID-19 has made people more aware of the need to adopt a healthy diet. The dairy sector is more resilient compared to other sectors and according to various industry reports signs of recovery are observed. Being more equitable in distribution the dairy sub-sector is the new growth dynamo of the agriculture and allied sectors.

The CORONA virus outbreak has severely impacted the dairy industry. Despite domestic demand for milk increasing with consumers stocking up essentials such as milk, the supply chains have been impacted with logistics being a challenge. Moreover, consumption of milk and other dairy products dropped significantly by 30% in FY 2020-21 with closure of hotels, restaurants, sweetmeat shops during the lockdowns imposed by the Government to contain the spread of the virus. Loss of demand led to a pressure on milk procurement prices as the industry faced an oversupply of milk with respect to subdued demand. Therefore, dairies have been converting the surplus milk into skimmed milk powder (SMP) and white butter, leading to SMP prices crashing domestically.

The long-term outlook of the Indian dairy sector seems promising on account of increasing population and per capita consumption, higher spending on packaged food, greater brand awareness, rising urbanization and increase in nuclear families, and government support. Growth will primarily be driven by increase in demand for value-added milk products, which, in turn, is margin accretive for the organized players.

### Government Initiatives

The Government has implemented various policies and schemes that are favourable for the growth of the dairy industry. The Department of Animal Husbandry, Dairy and Fisheries has formulated a comprehensive plan named 'National Action Plan for Dairy Development: Vision 2022', which envisages building additional milk processing infrastructure and strengthening milk production in major milk producing areas. Other programs to enhance milk production and improve cattle productivity include Intensive Dairy Development Programme (IDDP); Dairy Entrepreneurship Development Scheme (DEDS); National Programme for Dairy Development (NPDD), etc.

As part of COVID-19 support measures, the Government has announced a ₹ 15,000 crore Animal Husbandry Infrastructure Development Fund (AHIDF) with an interest subsidy scheme to support private investment in dairy processing, value addition, and cattle feed infrastructure. The AHIDF will enable greater infrastructure investments in dairy and animal feed plants, which will also boost exports.

For the financial year 2021-22, the government has raised the farm credit target to Rs 16.5 lakh crore, from Rs 15 lakh crore in 2020-21.

## Market Drivers and Opportunities

### Demography and Urbanization

India is one of the youngest economies, with more than 65% of the population in the working age group of 15-65 years. The urban population of the country is expected to witness an increase from 31% in 2011 to 39% by 2036. A growing working population and rapid urbanization will drive strong consumption growth, boosting demand for dairy and dairy products in India.

### Rising income levels

India's population continues to grow. Increasing incomes and expansion of middle-income and high-income households have resulted in higher spending propensity and more participative economic growth. Rising affordability will enable people to spend more on dairy and value-added products due to improved lifestyles.

### Increasing health awareness

Worldwide, consumers have become increasingly health conscious focusing on nutritious food and active lifestyles. Particularly, rapid spread of the coronavirus has elevated health consciousness among consumers, who prefer immunity-boosting foods and beverages to reduce their chances of contracting with the virus. This has been propelling food manufacturers and dairy companies to innovate and invest in new product development to cater to the growing demand of immunity boosting products.

### Preference for premium products

Changing lifestyles, increasing internet penetration, and growing disposable incomes are fueling brand consciousness as brands are seen to be more trustworthy due to better quality and hygiene, which has become tremendously important in the post COVID-19 scenario. Demand for value-added products such as cheese, yoghurt, buttermilk, among others, have been on a spurt with majority of organized players penetrating this segment to fulfill the exponential demand and enhance margins and profitability.

### Challenges

- Climate change and adverse weather conditions remain major threats to the dairy industry
- Anticipating and responding to changing consumer preferences in a timely manner and introduction of newer products may pose a challenge to the dairy players
- Poor conditions of dairy farms and lack of awareness on improved dairy practices continue to impact quality milk procurement

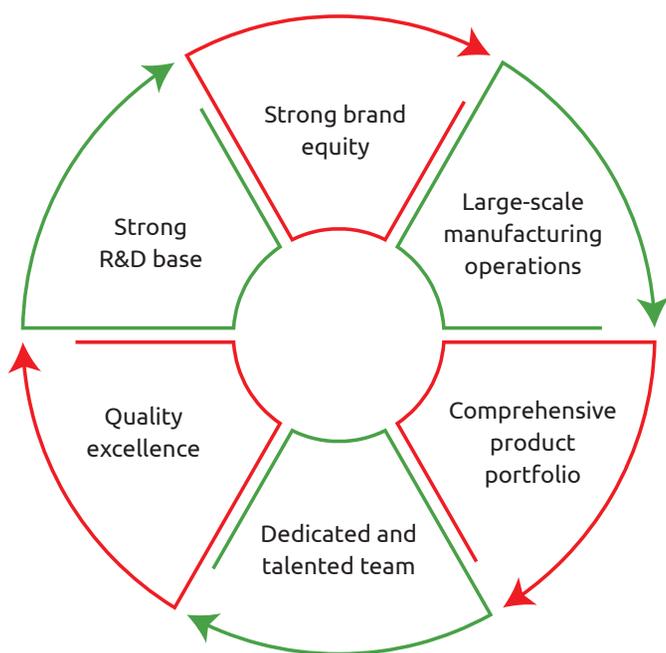
- Intense competition from private dairies and international players may pose a challenge
- Extensive crossbreeding for raising milk productivity may lead to disappearance of indigenous cattle.
- Lack of infrastructure and cold storage facilities pose challenge to the dairy industry

### COMPANY OVERVIEW

Founded in 1992, Heritage Foods Limited (HFL) is one of the leading dairy companies in India. The Company has two business verticals i.e. Dairy and Renewable Energy. The Company boasts of a diverse range of products including fresh milk, paneer, ghee, buttermilk, curd, UHT milk, lassi, flavoured milk, ice-cream/ frozen dessert and other dairy-based products. The Company provides innovative, fresh and high-quality products to over 1.5 million consumers through its well-spread distribution network. The milk processing capacity of the Company stands at 2.7 million liters per day.

As a nationally recognised brand, the Company’s operations are spread across 11 states in India. Its industry experience spans over nearly three decades during which the Company has grown multifold to garner a significant share in the Indian dairy industry, backed by its unwavering focus on supplying innovative and finest quality products to customers.

A robust manufacturing and R&D infrastructure, technologically advanced equipment, stringent quality control and a highly experienced team underpin the operations of the Company. Presently, the Company has 18 processing plants, 113 bulk coolers and 76 chilling centres to ensure availability of fresh and high-quality products.



### PRODUCT CATEGORIES

#### Milk

##### - Fresh Milk

Fresh milk is the most widely consumed dairy product in India and is considered a vital source of essential nutrients required for proper functioning of the body. The major factor for the growth of the liquid milk market in India is the rapidly rising population due to which the consumption levels of liquid milk have witnessed a significant growth. Increasing incomes, large vegetarian population, rising standards of living and health consciousness among the consumers have also pushed the growth of the market in a positive direction. Most of the market is currently accounted by the unorganised sector. Growth rates of the organised sector, however, is faster than the unorganised sector. The Indian liquid milk market is expected to grow at a CAGR of 16.80% during 2021-2026.

##### - A2 Milk

A2 Full Cream Milk is 100% Buffalo Milk freshly procured from the nearest farms and sterilized at our plant. A2 Full Cream Milk is rich in A2 Protein and comes with a promise of building Immunity and Easy to Digest.

##### - UHT Milk

UHT milk, or ultra-high temperature milk, is made by processing milk at high temperature so as to remove the pathogens. The UHT process preserves all the nutrients present in milk and makes it suitable for storage at room temperature for long periods without any preservatives. UHT milk is more convenient than ordinary fluid milk as it does not need to be stored in refrigerator or boiled before consumption. Currently, one of the major factors driving the market is the ease of storage of UHT milk which facilitates its transportation over long distances to milk scarce regions. Some of the other growth inducing factors include ease of use, long-shelf life, changing dietary habits, etc. The UHT milk market in India is expected to grow at a CAGR of 15.3% during the forecast period (2021-2026).

##### - Skimmed Milk Powder

The Indian skimmed milk powder (SMP) market exhibited strong growth during 2015-2020. Milk powder manufacturing is a simple process now carried out in large scale. It involves the gentle removal of water at the lowest possible cost under stringent hygiene conditions while retaining all the desirable natural properties of themilk-color, flavor, solubility, nutritional value. The Indian skimmed milk powder (SMP) market is expected to grow at a CAGR of around 13% during 2021-2026.

**Value-added Products**

**- Curd**

Curd represents an essential part of a balanced diet and can also be consumed by lactose intolerant people. Owing to the high content of calcium, vitamin D, proteins and phosphorus present in it, curd helps strengthen bones and improve digestion. Besides this, it also reduces the chance of breast cancer. As per the IMARC Group report the market exhibited double-digit growth in Curd during 2015-2020. The healthy growth of the market can be attributed to numerous forces. Population growth, rising disposable incomes, increasing health consciousness among consumers and affordable price are some of the factors that are currently broadening the growth aspects of the market. The curd market in India is expected to grow at a CAGR of 15.3% during the forecast period (2021-2026).

**- Paneer**

The paneer market in India exhibited strong growth during 2015-2020. Paneer is a non-fermentative and non-melting type of cheese, obtained by acid and heat coagulation of milk. It is considered one of the most extensively consumed dairy products in India. Paneer is used in various combinations with other vegetables and dishes, and forms an important ingredient of the Indian traditional cuisine. As a considerable part of the population consists of vegetarians, paneer emerged as a viable option. Apart from this, factors such as increasing population, urbanisation, improved cold supply chain and growing deep freezer penetration are also influencing the market growth. It is expected that the paneer market in India is expected to grow at a CAGR of 15% during 2021-2026.

**- Cheese**

The cheese market in India exhibited strong growth during 2015-2020. India is currently the world's largest producer of milk owing to which the cheese market holds significant growth potential. With the rising influence of western cuisines and inflating disposable incomes, consumers are now shifting from paneer towards cheese, thereby increasing its demand in the country. In addition to this, manufacturers are introducing a number of flavored cheese products including pepper, garlic, red chili flakes, and oregano pickle, which cater to the different tastes and preferences of consumers in India. The cheese market in India is expected to grow at a CAGR of 24.80% during 2021-2026.

**- Buttermilk**

Buttermilk represents an integral part of a balanced diet and has been traditionally consumed as a refreshment drink for centuries in India. It offers relief from the scorching heat of the sun, it has gained immense popularity in India as a result of the country's extremely hot summers. The demand for buttermilk is also increasing as it is good for digestion and boosts immunity. The buttermilk market in India is expected to grow at a CAGR of 22.4% during the forecast period (2021-2026).

**- Flavoured Milk**

Flavoured milk represents one of the most popular dairy-based beverages in India. The market is expected to grow at a CAGR of 24.3% during 2021-2026.

**- Milkshake**

One of the key consumer segments that is driving this market is the young and well-to-do income class. The Indian milkshake market exhibited strong growth during 2015-2020. The market is expected to grow at a CAGR of 25.3% during 2021-2026. The market is currently being driven by numerous factors such as a large young population, changing lifestyles, convenience, value addition, health consciousness, etc.

**- Immunity Milk**

Immunity Milk contains anti-inflammatory properties which help in maintaining a healthy life. Now available in 4 flavours: Turmeric, Ginger, Tulsi and Ashwagandha.

**- Sweets**

Doodh Peda & Milk Cake are made out of highest quality Milk & Ghee which is soft, rich in taste and melts in mouth. With the right amount of sucrose addition, it is rich in taste and granular with better chewiness.

**- Lassi**

The Indian lassi market exhibited strong growth during 2015-2020. Lassi, also known as desi buttermilk, is obtained by the churning of curd. It is a bit sour in taste and has a rich dense texture. It is consumed mostly in the northern part of the country, especially during the summer season. Lassi not only offers refreshment during the summer time, but also boosts the energy levels. Apart from this, it also helps in fighting other summer-related problems such as prickly heat, gastro-intestinal problems and the build-up of bacteria. These factors have highly added to the market growth. It is expected that the Indian lassi market to grow at a CAGR of 21% during 2021-2026.

**- Ice creams/Frozen Dessert**

Ice cream today represents one of the fastest growing food segments in India. The healthy growth of the market can be attributed to numerous forces. The ice cream market in India is expected to grow at a CAGR of 17.3% during 2021-2026.

**Fat Products**

**- Ghee**

Ghee, which is widely used in Indian cooking, is the pure butter fat left over after the milk solids and water are removed from butter. It is very fragrant with a rich taste and represents the second largest consumed dairy product in India, after liquid milk. It is expected that the ghee market in India to exhibit strong growth during 2021-2026.

**- Butter**

The Heritage Butter is made from best quality fresh cream and contains no added ingredients other than salt. Manufactured in state-of-the-art processing plants with utmost care to ensure goodness. It is expected that the table butter market in India to grow at a CAGR of 19% during 2021-2026.

**- Cream**

The Indian cream market exhibited strong growth during 2015-2020. Cream is a dairy product which is used to give a smooth texture and consistency to food products. Nowadays, it is widely used in the preparation of various dishes, desserts and beverages such as ice-creams, salads, sweet meals, tea, coffee, etc. It is expected that the Indian cream market to grow at a CAGR of around 15% during 2021-2026.

**New Products Launched**

During the period under review the company has launched the following new products

- Immunity boosting Milk-in four variants: Turmeric, Ginger, Ashwagandha and Tulsi
- A2 Milk
- Mozzarella and processed Cheese
- Cool Cafe drink (Cold Coffee)
- Fresh Cream
- 4 Cone ice-cream variants (Double Chocolate & Butterscotch variant)

**Distribution**

The Company has a strong distribution network ensuring availability of its products across the country. Heritage Parlours and Heritage Distribution Centres are franchise operated outlets and distribution wings selling the entire range of the Company's products. The Company considers every distribution outlet as an ambassador of Heritage brand. It ensures delivery of quality products and services to consumers through these distribution arms. As on March 31, 2021, the Company has 6,223 agents/distributors, 858 Heritage parlours and 32 Heritage distribution centers in 11 states across India.

**Empowering Farmer Community**

The core of the Company's operations is growth and welfare of the farmer community. The Company is on a continual quest to empower the farmers by procuring milk at mutually beneficial costs, encouraging best practices around the quality and quantity of milk and providing support services to help them improve their milk yields by organising free veterinary check-ups and vaccination drives for the cattle. Extending farm loans and cattle insurance and providing nutritional livestock feed at subsidized rates are other significant steps adopted by the Company. All these interventions have enabled the Company to forge strong relationships with farmers.

**REVIEW OF OPERATIONS**

The Company has handled the business very effectively during the period of COVID-19 outbreak.

**Tangible Results:**

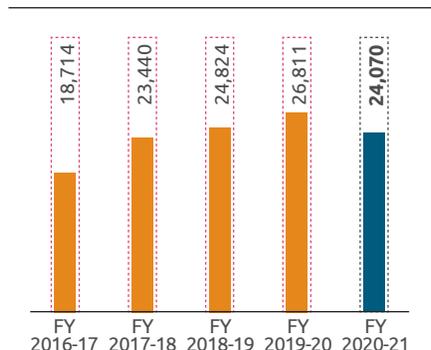
	Revenue from operation (₹ in Million)	EBIDTA (₹ in Million)	PAT (₹ in Million)
FY21	24,070	2,565 <sup>#</sup>	1,452 <sup>#</sup>
FY20*	26,811	(769) <sup>#</sup>	(1,600) <sup>#</sup>
FY19*	24,824	1,924	834
FY18*	23,440	1,333	604
FY17*	18,714	1,490	2,926

\* Figures are from continuing operations

<sup>#</sup>EBITDA and Profit after Tax is after considering the Fair value gain on FVTPL equity shares and loss due to changes in derivative liabilities of Investments in FRL.

**Revenue Trend**

₹ In Million



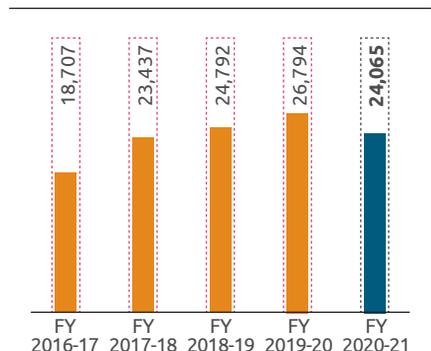
The Company is gradually targeting to grow contribution of value added products to consolidate top line. Curd will continue to remain the largest component of value-added product segment, contributing to over 81% share to the value-added segment. Other products constitute buttermilk, flavored milk, lassi, paneer and ice creams/frozen dessert.

• **Dairy Vertical:**

The Dairy division accounting for 99.64% of revenue is the flagship business vertical of the Company. The 5-year revenue of the dairy vertical is given below:

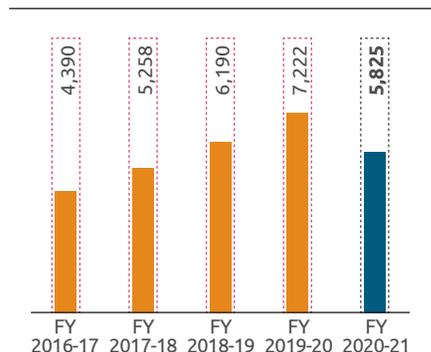
**Dairy Revenue**

₹ In Million



**Value Added Products Turnover**

₹ In Million



• **Renewable Energy Vertical:**

Your Renewable Energy Division strongly recognizes the responsibility towards protecting the environment. As a forward-looking enterprise, it is strongly committed to extending our 'Green' footprint. In line with this thinking, the division has increased its Renewable Energy Capacity to with 4.09MW Solar Power and 6.30MW Wind Power in the states of Andhra Pradesh, Telangana, Maharashtra, Tamil Nadu and Karnataka for the captive consumption:

<b>₹68.83 Million Revenue from Renewable Energy</b>	<b>10.39 MW Renewable Energy Capacity</b>
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• **Heritage Nutrivet Limited**

To enhance presence in the Indian Market, the Company has one wholly owned Subsidiary viz. Heritage Nutrivet Limited, located in Hyderabad, dealing with Animal Nutrition, and one of the leading Live Stock Feed & Feed Supplements players in Southern and Western India covering over 0.3 million farmers spread across five states viz., Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Maharashtra. During FY 2020-21 the Company achieved Sales turnover of ₹ 1,215 Million and profit before tax of ₹ 98 Million.

• **Heritage Novandie Foods Private Limited**

With an eye on the fast-growing value-added dairy segment, the Company has established a Joint Venture Company namely, Heritage Novandie Foods Private Limited (HNFPL) to manufacture and market various types of Fruit Yoghurt and other dairy products in India. The HNFPL had started the commercial production on February 16, 2021 and launched French Yoghurt brand 'Mamie Yova' in India. Heritage HNFPL is hoping to woo Indian consumers with its fruit-based yogurt and aims to have a strong presence across 8-10 key cities in the next two years.

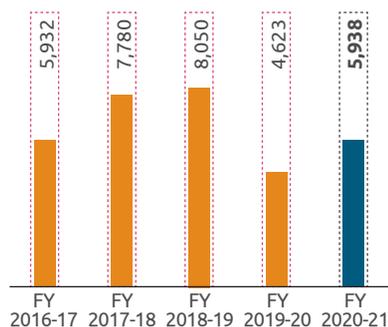
**FINANCIAL OVERVIEW**

The Company has created significant wealth for its members as it continues to maintain its growth momentum to become a nationally recognized brand for healthy and fresh products. Given below is the Company's performance for the last five years in various parameters.

### Net worth Trend:

The net worth of the Company for the last five years is as follows.

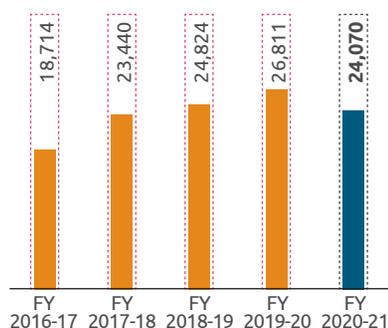
₹ In Million



### Revenue Trend

The revenue for the last five years is as follows.

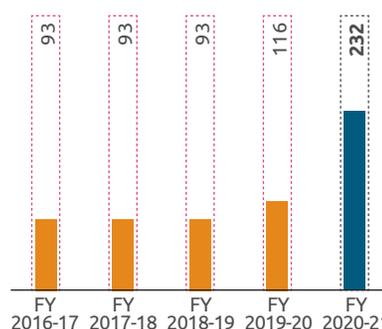
₹ In Million



### Dividend Payment History

The Dividend and the payout ratio computed on consolidated profits have remained high. The dividend payout ratio in last five years.

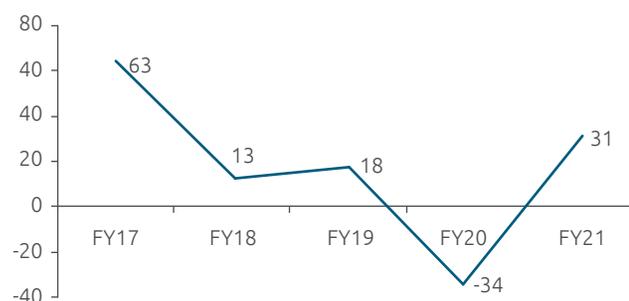
₹ In Million



### Earnings per Share

Earnings per share (EPS) (Equity Shares of the face value of ₹ 5/- each)

EPS (In ₹)



## Key Financial Highlights for FY 2020-21

The following information is the standalone information of your company and it should be read in conjunction with the financial statements and related notes for the financial year ended March 31, 2021.

### Overview of Standalone Financial Results

Particulars	2020 - 21		2019 - 20		FY 2021 Vs 2020
	₹ In Millions	% of Revenue	₹ In Millions	% of Revenue	% of Growth
Net Sales	24067.87	99.99	26795.93	99.94	(10.18)
Other operating income	2.42	0.01	15.13	0.06	(84.01)
<b>Total Revenue</b>	<b>24070.29</b>	<b>100.00</b>	<b>26811.06</b>	<b>100.00</b>	<b>(10.22)</b>
Less: Total Expenditure	21525.36	89.43	25481.46	95.04	(15.53)
Add: Other Income	84.07	0.35	83.24	0.31	1.00
Profit before Interest, Depreciation and Tax	2629.00	10.92	1412.84	5.27	86.08

Particulars	2020 - 21		2019 - 20		FY 2021 Vs 2020
	₹ In Millions	% of Revenue	₹ In Millions	% of Revenue	% of Growth
Less: Finance costs	178.48	0.74	208.07	0.78	(14.22)
Depreciation & Amortisation	440.54	1.83	480.36	1.79	(8.29)
Profit / (Loss) before tax	2009.98	8.35	724.41	2.70	177.46
Gain due to changes in the fair value of derivative liabilities	-	-	2944.89		
Loss due to changes in the FVTPL equity securities	(48.12)		(5116.06)		
Profit before tax	1961.86		(1446.76)		
Less: Provision for current taxation(Incl.tax. earlieryrs)	500.37		185.05		
Less: Provision for deferred taxation	9.85		(31.77)		
Profit / (Loss) after tax	1451.64		(1600.04)		

**Standalone Segment results:**

Particulars	2020 - 21		2019 - 20		FY 2021 Vs 2020
	₹ In Millions	% of Revenue	₹ In Millions	% of Revenue	% of Growth
<b>1. Total Revenue</b>					
a. Dairy	24064.96		26776.74		(10.13)
b. Renewable energy	68.83		93.87		(26.68)
c. Others	-		17.69		(100.00)
<b>Total (a+b+c)</b>	<b>24133.79</b>		<b>26888.30</b>		<b>(10.24)</b>
<b>2. Inter-segment Revenue</b>					
a. Dairy	-		-		
b. Renewable energy	63.50		77.24		(17.79)
c. Others	-		-		
<b>Total (a+b+c)</b>	<b>63.50</b>		<b>77.24</b>		<b>(17.79)</b>
<b>3. External Revenue</b>					
(Incl other operating income)					
a. Dairy	24064.96		26776.74		(10.13)
b. Renewable energy	5.33		16.63		(67.94)
c. Others	-		17.69		(100.00)
<b>Total (a+b+c)</b>	<b>24070.29</b>		<b>26811.06</b>		<b>(10.22)</b>

Particulars	2020 - 21		2019 - 20		FY 2021 Vs 2020
	₹ In Millions	% of Revenue	₹ In Millions	% of Revenue	% of Growth
<b>4. Segment Results</b>					
(Profit (+) / (Loss) (-) before tax and finance costs)					
a. Dairy	2184.94	9.08	902.66	3.37	142.06
b. Renewable energy	28.75	41.77	44.28	47.17	(35.07)
c. Others	-		1.46	8.25	(100.00)
<b>Total (a+b+c)</b>	<b>2213.69</b>	<b>9.20</b>	<b>948.40</b>	<b>3.54</b>	<b>133.41</b>
Less: Finance Cost	178.48		208.07		
Loss due to changes in the FVTPL equity securities	48.12		5116.06		
Others	30.60		22.28		
Add: Interest income	5.37		5.95		
Gain due to changes in the fair value of derivative liabilities	-		2944.89		
Dividend Income	-		0.40		
<b>Total Profit before Tax</b>	<b>1961.86</b>		<b>(1446.76)</b>		

**Segment wise Revenue Break-up :**

	₹in Millions	
	2020 - 21	2019 - 20
<b>Dairy</b>		
<b>Finished goods sold</b>		
Milk	16233.84	17541.35
Value Added Products	5825.24	7222.07
Fat Products	1454.45	1436.98
Skimmed Milk Powder	5.68	1.55
<b>Total</b>	<b>23519.21</b>	<b>26201.95</b>
<b>Traded goods</b>		
Fat Products	-	32.04
Others	11.43	20.58
E&I	515.86	514.85
<b>Total</b>	<b>527.29</b>	<b>567.47</b>
<b>Sale of Service</b>	<b>18.46</b>	<b>7.32</b>
<b>Other operating income</b>	<b>-</b>	<b>-</b>
<b>Total Dairy Revenue</b>	<b>24064.96</b>	<b>26776.74</b>
<b>Renewable Energy</b>		

Finished goods sold	4.81	2.04
Other operating income	0.52	14.59
<b>Total Renewable Energy Revenue</b>	<b>5.33</b>	<b>16.63</b>
Others	-	17.69
<b>Total Revenue</b>	<b>24070.29</b>	<b>26811.06</b>

## CASH FLOW

### Cash Inflows

₹ in Millions

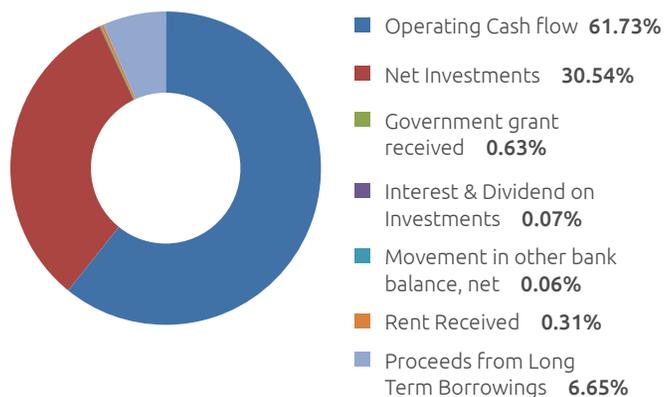
Particulars	2020 - 21	%	2019 - 20	%
Operating Cash flow	2622.13	61.73	1384.40	70.22
Net Investments	1297.40	30.54	-	-
Government grant received	26.65	0.63	-	-
Change in working capital (net)	-	-	51.36	2.61
Interest & Dividend on Investments	3.17	0.07	3.61	0.18
Movement in other bank balances, net	2.70	0.06	12.13	0.62
Rent Received	13.19	0.31	16.69	0.85
Proceeds from Long Term Borrowings	282.52	6.65	503.28	25.53
<b>Total</b>	<b>4247.76</b>	<b>100.00</b>	<b>1971.47</b>	<b>100.00</b>

### Cash Outflows

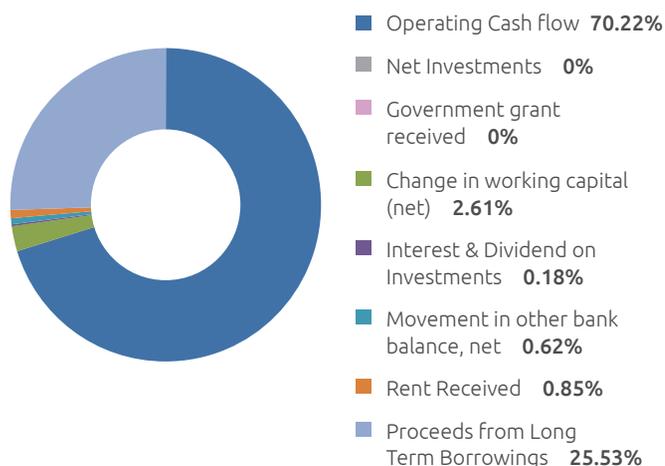
Particulars	2020 - 21	%	2019 - 20	%
Repayment of Long Term Borrowings	1797.03	47.81	369.96	18.74
Change in Working capital (net)	466.96	12.42	-	-
Taxes paid	513.90	13.67	191.62	9.71
Payment for purchase of property, plant and equipment (net)	648.16	17.25	994.43	50.38
Net Investments	-	-	75.01	3.80
Interest Paid	172.89	4.60	199.00	10.08
Rent Paid	43.49	1.16	31.79	1.61
Dividend (includes dividend distribution tax) paid	116.00	3.09	111.87	5.67
<b>Total</b>	<b>3758.43</b>	<b>100.00</b>	<b>1973.68</b>	<b>100.00</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>489.33</b>		<b>(2.21)</b>	
<b>Add: Opening Cash and Cash Equivalents</b>	<b>(298.50)</b>		<b>(296.29)</b>	
<b>Cash and cash equivalents at the end of the period</b>	<b>190.83</b>		<b>(298.50)</b>	
<b>Cash on hand</b>	<b>33.03</b>		<b>35.85</b>	
<b>Balances with banks in current accounts</b>	<b>162.49</b>		<b>497.38</b>	
<b>Loans repayable on demand from banks</b>	<b>(4.69)</b>		<b>(831.73)</b>	

Cash Inflows

2020-21

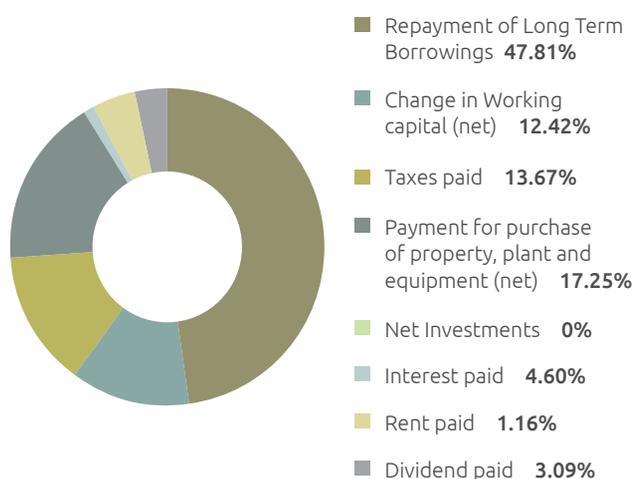


2019-20

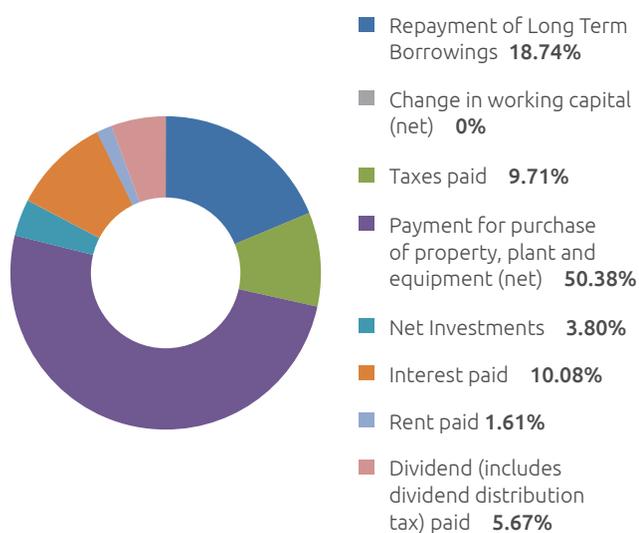


Cash Outflows

2020-21



2019-20



- Key Financial Ratios as per SEBI Listing Obligations and Disclosure Requirements (Amendment) Regulations, 2018;

Particulars	31 March 2021	31 March 2020
Debtors Turnover Ratio	135	88
Inventory Turnover Ratio (on Cost of Goods Sold)	11	16
Interest Coverage Ratio	13.36	4.67
Current Ratio	1.24	0.83
Debt Equity Ratio	0.04	0.35
Operating Profit (PBIT) Margin (%)	9.03%	3.44%
Net Profit Margin (%)	6.03%	(5.97)%
Return on Net Worth (RoNW)	24.45%	(34.61)%

## GROWTH STRATEGY & OUTLOOK

### Diversify Value-Added Products Portfolio

The demand for value-added dairy products has been increasing with the growth of disposable incomes, growing awareness and preference for healthier and nutritious alternatives. The Company strives to cater to the consumers by continuously widening its portfolio of value-added products such as curd, buttermilk, flavoured milk and paneer etc. Owing to the need of immunity boosting products in the current scenario, the Company has launched Turmeric, Ginger, Ashwagandha and Tulsi milk variants. These products will offer the Company to broaden the market share and enhance margins.

### Enhance Product Reach

The increased penetration of mobile devices and digital platform has been creating an unprecedented volume of data for companies to collect from a wide variety of consumer and non-consumer sources such as trends, preferences, and weather forecasts that could influence purchases. The Company leverages the data to widen its product reach to the prospective consumers. The Company also undertakes strategic marketing and promotional activities to augment the sale of its products and enhance brand recall. It has launched direct to consumer app 'Heritage Touch' which is on trial in the Hyderabad market, the response of which has been positive.

### Upstream Operational Management

More than any other food product, dairy products' quality depends on upstream factors, from the very first input, the feed given to dairy cows to supply variability to cold-chain management to shelf life. When quality deteriorates, the impact is severe and can hurt both consumers and the brand. Integrated modern technology across all the verticals helps the Company boost its procurement and distribution capabilities and better manage the inventory. It aims to minimize the cost and achieve maximum efficiency. (Source: BCG)

### An Efficient Go-to-Market Strategy

Because of product perishability, processor's farm-to-plant-to-retail distribution network must be efficient. The Company has been increasing UHT Processed Milk, which requires no refrigeration. The Company has also been picking, converting and holding all the milk from the farmers by putting the same to further better use to avoid wastages.

### Outlook

The outlook for dairy industry seems promising owing to strong commodity prices, recovery in economic growth and improving consumer sentiments. The dairy industry provides ample growth opportunities, driven by growing population and urbanization, changing dietary patterns and increasing demand for value-added milk products. The Company strives to leverage these opportunities and create innovative products that meet diverse consumer requirements. Automation in operations will be

instrumental to strengthen its supply chain and improve processes, while ensuring minimal wastage and premium quality. Further, the Company's expenditure on marketing and advertising would help to reinforce its brand name.

## RISKS & CONCERNS

Type of Risk	Description	Mitigation Strategy
Competition Risk	The Company faces competition from dairy co-operatives, larger private and international brands.	To stay ahead of the competition, the Company has a well-framed strategy in place: <ul style="list-style-type: none"> <li>• Know the competition</li> <li>• Winning and retaining the customers</li> <li>• Differentiate</li> <li>• Step up the sustainable competitive advantage</li> <li>• Update its brand image</li> <li>• Look after the existing customers</li> <li>• Target new markets</li> <li>• Offer online deliveries</li> </ul>
Climate Risk	Extreme weather conditions such as drought, incessant rainfall and natural disasters affect the average milk yield and lead to price fluctuations, impacting the Company's profitability.	The Company adopts strategic measures such as newer technologies for increased adoption by farmers to address varied climatic conditions and its impact on dairy production.
Operational Risk	Failure of systems/equipment, occurrence of cyber-attacks may disrupt the business operations, resulting in loss of revenues and reputation of the Company.	The Company's approach to mitigate this risk include: <ul style="list-style-type: none"> <li>• Identification of risks and risk areas</li> <li>• Analysis, compilation and assessment of risk levels</li> <li>• Decisions and introduction of risk management model, tools and governance</li> <li>• Right people for the right job</li> <li>• Monitoring and evaluations at regular intervals</li> <li>• Periodic risk assessment</li> </ul>
Quality Risk	The Company's products are subject to inherent quality/safety issues such as contamination, adulteration or tampering which may result in product recalls and financial losses.	Robust Standard Operating Procedures, Good Manufacturing Practices, Process Control, Advanced Product Quality Planning Failure Modes and Effect Analysis, Supplier Quality Management and Non-Conformances / Corrective and Preventive Actions are the measures adopted by the Company to combat quality risk.
Regulatory Risk	Inability to comply with the applicable laws and regulations may lead to stringent penalties, claims and reputational damage.	The Company has in place sound corporate governance structure and practices in place aligned with the industry. It also has thorough understanding of both regulator expectations and business processes and challenges. At the same time, it ensures greater clarity and confidence around the regulatory risk framework.
Raw Material Risk	Continued volatility in the price and availability of raw materials on account of economic conditions, market demand, production levels could affect the operational and financial performance of the Company.	Sourcing of the Highest Grade Materials, Incoming Raw Material Testing and Inspection, Dual Sourcing of Raw Material and Customer-Specific Raw Material Requirements are the steps adopted by the Company to lower raw material risk.

## HUMAN RESOURCES

Human capital is pivotal to the Company. The Company fosters a safe, inclusive and collaborative work environment for the overall growth and welfare of the employees. The HR policies of the Company are aimed at attracting, nurturing and retaining talented employees in a constantly evolving business environment while ensuring trust, transparency and teamwork amongst its employees. The Application Tracking System (ATS) is a robust digital platform deployed by the Company for talent acquisition.

The Company periodically conducts various learning and development sessions to hone the skills and capabilities of employees and keep up their morale. The Company has a structured induction process at all locations and management development program to upgrade the skills of managers.

Further, employee recognition program is a vital part of the Company. Towards this, regular communication is done with the top management for identifying and rewarding the best performers across different divisions. In addition, objective appraisal systems based on Key Performance Indicators (KPI's) are in place to reward senior level employees. As on March 31, 2021, the total number of employees is 3014.

In the purview of COVID-19, the Company immediately adopted strong measures to safeguard the health of its employees. Work from Home (WFH), social distancing norms, regular sanitization of plants and offices and enhanced safety measures were among the significant measures enforced.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a well-framed internal control system commensurate with the size and nature of its business. These internal controls ensure safeguarding of assets from unauthorised use or disposition, proper recording and reporting of all transactions and compliance with applicable regulatory requirements. The internal control systems are reviewed and modified continually to keep up with the changes in business environment and statutory requirements.

The framework is monitored by the internal audit team of the Company. The Audit Committee of the Board is periodically apprised of the internal audit findings. The Audit Committee reviews the efficacy and effectiveness of the internal control system, takes corrective actions and suggests measures for strengthening it. The Company has a robust Management Information System which forms an integral part of the control mechanism.

## QUALITY & SAFETY

Quality and Food Safety are of paramount importance to the Company. The Company has robust systems and processes in

place to ensure that the products undergo stringent quality checks. The factories of the Company are certified under Safety and Health Management System that complies with ISO 45001:2018 & Environment Management System that complies with ISO 14001:2015.

## ENVIRONMENT

The Company aims to develop business while improving its environmental performance in order to shape a sustainable future. Towards this, the Company continues to focus on energy conservation and optimal utilization across all areas of operations. Factories are encouraged to consistently improve operational efficiencies, minimize consumption of natural resources and reduce water usage, energy usage and carbon emissions while maximizing production volumes.

## PACKAGING AND PLASTIC WASTE MANAGEMENT:

Plastics play a vital role in preventing food wastage and ensuring the quality and safety of food products. However, the leakage of plastic waste into the environment has become a grave environment challenge. The Company is strongly committed to minimizing the impact of plastic waste.

## SUPPLY CHAIN

With growing digitization and rising internet penetration, technology-driven operations across the organization has become imperative. The Company has been leveraging sales automation and specialized digital processes to provide solutions to its diverse consumer base.

The Company has deployed numerous digital tools and technologies to drive engagement with partners leading to speed of response to customers and transparency of information in the value chain processes and making product delivery seamless. The Company has also launched a consumer app, namely "Heritage Touch" which is a web based mobile app that monitors and provides real time data on product availability and freshness from retail outlets that are geo-mapped to the network.

## CAUTIONARY STATEMENT

Statements in this report describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations that involve risks and uncertainties. Such statements represent the intention of the Management and the efforts being put into place by them to achieve certain goals. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances. Therefore, the investors are requested to make their own independent assessments and judgments by considering all relevant factors before making any investment decision.

# Report on Corporate Governance

The Directors of Heritage Foods Limited ("the Company") have pleasure in presenting the Company's Report on Corporate Governance for the Financial Year 2020-21 in pursuant to Regulation 34(3) read with Schedule V and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulation').

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is to conduct business with a firm commitment to values, while meeting stakeholders' expectations. It is based on preserving core beliefs and ethical business conduct while maintaining a strong commitment to maximise long-term stakeholder value. Your Company carries on an ethically driven business process that is committed to ethical practices aimed at enhancing stakeholder value. As a good corporate citizen, your Company is dedicated towards following the best corporate governance practices built through conscience, fairness, transparency, accountability, building confidence of its various stakeholders, thereby paving the way for its enduring success

Since its inception, your Company has taken conscious efforts to operate in a manner responsible to all stakeholders. Your Company has maintained the highest standards of corporate governance all through its operations. Your Company is committed to moulding Corporate Governance practices in line with its core values, beliefs and ethics. Your Company believes in attainment of highest levels of transparency in all facets of its operations and maintains an unwavering focus on good Corporate Governance practices.

Your Company continues to strengthen its governance principles to generate long-term value for its various stakeholders on a sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

The Corporate Governance is ongoing process and your Company has always focused on good corporate governance, which is a key driver of its long term value creation and trust. Even in fiercely competitive business environment, the management and employees of your company are committed to uphold the core values of transparency, integrity, honesty and accountability

Your Company's Corporate Governance Framework ensures that the company makes timely disclosures, shares accurate information regarding its financial and business performance.

Your Company's Corporate Governance Philosophy is based on the following principles:

- Corporate Governance Standards should satisfy both the spirit of the law and the letter of the law
- Ensure transparency and maintain a high level of disclosure
- Clearly distinguish between personal conveniences and corporate resources
- Communicate externally and truthfully, about how the Company is run internally as permitted by the statute.
- Have a simple and transparent corporate structure driven solely by business needs
- The Management is the trustee of the members' capital and not the owner.

Transparency and accountability are the two basic requirements of Corporate Governance. Responsible Corporate conduct is integral to the way the Company do the business. The actions are governed by the values and principles which are reinforced at all levels in your Company. The code of business is reflected in the continued commitments to ethical business practices across the dealings.

An effective Board is a pre-requisite of Good Corporate Governance practices. Well- Informed and Independent Board is essential to bring objectivity and transparency in the management and in the dealings of your Company. The Board of your company is committed to protect the long-term interests of all stakeholders, and considering this, it provides objective and prudent guidance to the management. As on March 31, 2021, the Board consists of Six members out of which two (2) are Executive/ Whole-time Women Directors, Two (2) are Non-Executive Independent Directors, one (1) is Non-Executive Independent Woman Director and one (1) is Non-Executive Director.

### **Ethics/Governance Policies:**

Your company has adopted a set of policies and Codes and ensure that the business of your the company is carried out in line with its core value systems. Your Company strives to conduct the business and strengthen the relationship in a manner that is dignified, distinctive and responsible. Your Company adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with stakeholders. Therefore, your Company have adopted various codes and policies to carry out business in an ethical manner. Some of these codes and policies are:

## Corporate Governance

- Code of Conduct & Ethics for Board & Senior Management
- Code of Conduct for Fair Disclosure of Unpublished Price Sensitive Information
- Code of Conduct to Regulate, Monitor & Report Trading by Insiders
- Whistle Blower Policy
- Policy on Materiality of Related Party Transactions
- Corporate Social Responsibility Policy
- Board Diversity and Nomination & Remuneration Policy
- Board Evaluation Framework
- Policy for Determining Material Subsidiaries
- Risk Management Policy
- Familiarisation Programme for Independent Directors
- Policy on Preservation of Documents
- Archival Policy
- Policy on Determination of Materiality of Events
- Business Responsibility Policy
- Dividend Distribution Policy
- Policy and procedure of inquiry in case of leak or suspected leak of UPSI

### Appropriate Governance Structure with defined roles and responsibilities:

Your Company has put in place an internal management structure with defined roles and responsibilities of every constituent of the system. The Company's members appoint the Board of Directors, which in turn governs the Company. The Board has constituted six Committees to discharge its responsibilities in an effective manner. The Company Secretary acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 as amended from time to time. The Vice Chairperson & Managing Director (VC&MD) and Executive Director (ED) provide the overall direction and guidance to the business. In the operations and functioning of the Company, the VC&MD is assisted by Executive Director and a core group of senior level executives.

### Board Leadership:

An enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board of Directors from time to time obtained a compliance report in respect to

Corporate Legislation such as: Companies Act, 2013 and rules made thereunder and other applicable SEBI act and regulations and labour act and regulations. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the Company's value creation. Your Company has defined guidelines and an established framework for the meetings of the Board and its Committees. These guidelines seek to systematise the decision making process at the meeting of the Board and its Committees in an informed and efficient manner.

The Board critically evaluates your Company's strategic direction, management policies and their effectiveness. The agenda for the Board reviews include strategic review from each of the Board committees, a detailed analysis and review of annual strategic and operating plans and capital allocation and budgets. Additionally, the Board reviews related party transactions if any, possible risks and risk mitigation measures, financial reports from the Chief Financial Officer (CFO) and business reports from the division heads. Frequent and detailed interaction sets the agenda and provides the strategic road map for the Company's future growth.

As the COVID-19 pandemic continues to disrupt every aspect of Business resulting in Strained supply chains, liquidity concerns, financial strains, absent employees, a move to remote working; the list of operating challenges seems endless. Your Company Board has taken a highly active oversight role ensuring the company operations are carried out efficiently during the global pandemic.

## 2. BOARD OF DIRECTORS

### (a) Composition and category of Directors

The Board of your company bears the ultimate responsibility for the organization and administration of your company. It is vital to have a well-balanced Board with a combination of Executive, Non-Executive and Independent, Woman Directors on the Board of the Company to ensure Board's independence and effective management. The Board Composition of your company is in conformity with the requirement of Section 149(4) of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended from time to time. As on March 31, 2021, the Board consists of Six (6) members, out of which Two (2) are Executive/Whole-time Women Directors, Two (2) are Non-Executive Independent Directors, one (1) is Non-Executive Independent Woman Director and one (1) is Non-Executive Director. The Board periodically evaluates the need for change in its composition and size.

None of the Independent Directors on the Board serve as an independent director in more than seven listed entities and none of the Directors on the Board is a member of more than 10 Committees excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 ("the Act") and Chairman of more than 5 Committees as specified in Regulation 26 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, across all the Companies in which he/she is a Director. The Directors have made the necessary disclosures regarding Committee positions during the period under review. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

### **Roles, Responsibilities and Duties of the Board**

The duties of Board of Directors have been enumerated in Listing Regulations, Section 166 of the Companies Act, 2013 read with the rules and Schedule IV of the said Act. The Board has complete access to all the information within the Company. As a part of its function, the Board periodically reviews all the relevant information, which is required to be placed before it, pursuant to the SEBI Listing Regulations, and, in particular, reviews and approves financial statements, business plans, projects, strategies, annual budgets, projects and capital expenditure. The Board discharges all its responsibilities, functions, duties and obligations in timely and effective manner in accordance with applicable laws, keeping close watch on the business operations of the Company. The day to day affairs of the Company are managed by the Vice Chairperson & Managing Director and Executive Director assisted by the Senior Management team of the Company under the overall supervision of the Board.

### **Board Meeting Frequency and location:**

The Board meets at least once a quarter to review the quarterly results and other items of the agenda. Whenever necessary, additional meetings are held. Other Committee meetings are held based on the requirements but at least one meeting of each committee is held in a financial year. In the case of business exigencies or urgency of matters, resolutions are passed by circulation. Video conferencing facility is provided to the Directors who are not able to attend the meetings due to some emergencies. The location of the Board meetings is informed well in advance to all the Directors. Nine (9) Board meetings were held during the year ended March 31, 2021 and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on: May 14,

2020, May 27, 2020, June 26, 2020, July 7, 2020, July 29, 2020, September 11, 2020, October 28, 2020, January 29, 2021 and March 25, 2021.

### **Agenda and relevant information to Directors:**

The agenda for each Board / Committee meeting is circulated well in advance to the Directors. All material information is incorporated in the agenda facilitating meaningful and focused discussions in the meeting. Every Board / Committee Member is free to suggest items for inclusion in the agenda. Being a responsible environment friendly Company, agendas and other relevant documents / information to Board / Committee members are provided in secured electronic mode.

### **Board Meetings - Matters:**

All divisions / departments of the Company are advised to schedule their work plans in advance, particularly with regard to matters requiring discussion / approval / decision of the Board meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board / Committee meetings. Agendas for such meetings are finalized in discussion with the Vice-Chairperson & Managing Director and Chief Financial Officer of the Company.

### **Presentations by management:**

The Chief Financial Officer, Chief Operating Officer, Company Secretary and Internal Audit Head updates the Board on their related matters through presentations / Board notes. Such presentations and Board notes cover finance, sales, marketing, major business segments and operations of the Company, including business opportunities, business strategy and risk management practices, internal audit observations, regulatory changes and their probable impact on the operations of the Company.

### **Availability of information to Board Members**

The Board has unrestricted access to all Company related information including that of your employees. All the relevant information to be placed before the board as required under the SEBI Listing Regulations and Companies Act, 2013 is placed before the Board for its consideration. Regular updates provided to the Board include:

- Annual operating plans and budgets, capital budgets and any updates thereon
- Quarterly results of the operating divisions or business segments

- Quarterly/Annually report on Management Information System division wise
- Monthly summary report of Internal Audit observations division wise
- The Board/Committee minutes of the Subsidiary/ Associate Company/Joint Venture Company/ Controlled Trust
- General notices of interest received from Directors, if any
- Dividend data
- Minutes of meetings of previous Board & Committee Meetings and abstracts of Circular Resolutions passed, (if any) etc.
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of the Chief Financial Officer and Company Secretary, if any.
- Materially important Show cause, demand, penalty/prosecution notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material significant effluent or pollution problems.
- Any materially relevant defaults in financial obligations to and by us or substantial non-payment for goods sold by the Company.
- Any issue that involves possible public or product liability claims of a substantial nature
- Details of joint ventures or collaboration agreements, if any.
- Transactions that involve substantial payments toward goodwill, brand equity or Intellectual Property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement.
- Non-compliance with any regulatory, statutory or listing requirements, as well as member services, such as non-payment of dividend and delays in share transfer etc.

**Minutes of the Meeting:**

The Company Secretary & Compliance Officer of the Company records the proceedings of the Meetings and circulates the draft Minutes to Board/Committee Members within 15 days of the Meeting. Suggestions of the Directors are properly incorporated in the Minutes. Final Minutes are recorded in the Minutes Book within 30 days of the Meeting. Certified copies of the signed minutes are sent to the Directors within 15 days of sign by the Chairperson of the Board/Committee meeting.

**Post Board Meeting Mechanism**

All the Proceedings of the Board Meetings are recorded as per the requirements of the Companies Act, 2013 and SEBI Listing Regulations. All the decisions taken by the Board and its Committees are promptly communicated to the concerned departments or divisions. All the Post Board Meeting filings on the Stock Exchange / Registrar of Companies are done as per the requirement of the SEBI Listing Regulations and Companies Act, 2013 and rules made there under as amended from time to time. Action taken/status reports on decisions of the previous meeting(s) are followed-up and placed at the next meeting for information and further recommended actions, if any.

**Selection of Independent Directors**

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment as Independent Director on the Board. The Committee, inter alia, considers qualification positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other Companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

**Meetings of Independent Directors**

Pursuant to Schedule IV of the Companies Act, 2013 & Rules made there under and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time, the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. The meeting shall review the performance of non-independent directors and the Board as a whole; review the performance of the Chairperson of the Board, taking into account the views of the executive directors and non-executive directors; assess the quality, quantity and timeliness of flow of information between the Management and the board that is necessary for it to effectively and reasonably perform its duties.

One meeting of Independent Directors was held during the year i.e. on May 27, 2020.

### Succession planning

The Nomination and Remuneration Committee works with the Board on the leadership succession plan, and also prepares contingency plans for succession in case of any exigencies.

#### (b) Attendance of each Director at the meeting of the Board of Directors and last Annual General Meeting:

Name	No. of Board Meetings		Attendance at Last AGM on August 28, 2020
	Held	Attended	
<b>Independent Director</b>			
Mr. D. Seetharamaiah*	9	3	No
Mr. N. Srivishnu Raju	9	8	Yes
Mr. Rajesh Thakur Ahuja	9	9	Yes
Mrs. Aparna Surabhi	9	9	Yes
<b>Non Executive Director</b>			
Dr. V. Nagaraja Naidu	9	9	Yes
<b>Whole-time Director</b>			
Mrs. N Bhuvaneshwari	9	9	Yes
Mrs. N Brahmani	9	9	Yes

\* Mr. D. Seetharamaiah resigned from the Board on 01. 07. 2020

Video conferencing facilities and other audio visual means are also provided to Directors travelling/ residing abroad or at other locations to participate in the meetings

#### (c) Name and number of other board of directors or committees in which a director is a member or chairperson:

Name	No. of other Directorships* (Including Heritage Foods)	Committee Memberships# (Including Heritage Foods)		Category of Directorship and name of the other listed Company(s) as on 31-03-2021
		Member	Chairperson	
<b>Non-Executive Independent Director</b>				
Mr. D. Seetharamaiah	-	-	-	Nil
Mr. N. Srivishnu Raju	19	3	1	Amara Raja Batteries Limited – Non Executive Independent Director Zydus Wellness Limited – Non Executive Independent Director
Mr. Rajesh Thakur Ahuja	5	1	-	Nil
Mrs. Aparna Surabhi	5	-	1	Nil
<b>Non Executive Director</b>				
Dr. V. Nagaraja Naidu	3	1	1	Nil
<b>Whole-time Director</b>				
Mrs. N Bhuvaneshwari	5	1	-	Nil
Mrs. N Brahmani	6	-	-	Nil

\* The directorships held by directors as mentioned above, does not include directorships in Foreign Companies.

# In accordance with Regulation 26 of the Listing Regulations, Membership(s) / Chairmanship(s) of only Audit Committees and Stakeholders' Relationship Committees in all Public Limited Companies have been considered.

**(d) Number of meeting of the Board of directors held and dates on which held:**

Nine (9) Board meetings were held during the year ended March 31, 2021 and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on: May 14, 2020, May 27, 2020, June 26, 2020, July 7, 2020, July 29, 2020, September 11, 2020, October 28, 2020, January 29, 2021 and March 25, 2021. The necessary quorum was present for all the meetings.

The tentative dates for Board meetings in the ensuing financial year are decided in advance and published as part of the Annual Report. The Chairperson of the Board and the Company Secretary & Compliance Officer, draft the agenda for each meeting, along with explanatory notes, in consultation with the Vice Chairperson & Managing Director and communicate these in advance to the Directors. Every Board member can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held when necessary.

**(e) Disclosure of relationship between directors inter-se:**

As on March 31, 2021, the Board consists of Six (6) members, out of which (2) are Executive/Whole-time Women Directors, two (2) are Non-Executive Independent Directors, one (1) is Non-Executive Independent Woman Director and one (1) is Non- Executive Director.

None of the Directors has relations with each other except executive director/Whole-time director of the Company. Mrs. N. Brahmani, Executive Director of the Company is the daughter-in-law of Mrs. N Bhuvanewari, Vice Chairperson cum Managing director of the Company.

**(f) Number of shares and convertible instruments held by non-executive directors:**

None of the Non-executive directors of the Company are having shares and convertible instruments except Dr. V. Nagaraja Naidu, Non-Executive Director of the Company is holding 1,00,000 equity shares as on March 31, 2021.

**(g) Familiarisation programmes for Board Members**

On being introduced onto the board of the company, every director is given an induction and is made aware about the organisations Vision, mission, Challenges , risk and opportunities The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and its Committee Meetings, on

business and performance updates of the Company and business strategy. Detailed presentations on the Company's business segments were made at the meetings of the Directors held during the year. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the Company. By apprising the Board with up to date information about the organisation and its business, your company ensures that the Board is updated about the regular workings of the company

**(h) Skills/Expertise/Competencies of the Board of Directors**

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's business(es) for it to function effectively and those available with the Board as a whole.

- i. **Sales & Marketing:** Experience in sales and marketing management based on understanding of the consumer & consumer goods industry, developing strategies to grow sales and market share, build brand equity awareness and enhance enterprise reputation.
- ii. **General management / Governance and Compliance:** Service on a company board to develop insights about maintaining board and management accountability, Strategic thinking, decision making, protecting member interests and observing appropriate governance practices. Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.
- iii. **Financial skills:** Understanding the financial statements, financial controls, risk management, mergers and acquisition, etc. Management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a financial officer, accounting officer, controller, auditor or person performing similar functions
- iv. **Technical and professional skills / Policy Development:** Ability to identify key issues and opportunities for the Company within the Dairy industry and develop appropriate policies to define the parameters within which the organisation should operate and knowledge including legal and regulatory aspects.

- v. **Operational Skill/ Strategy planning, Mergers and Acquisitions:** Experience in operating and managing on dairy business. Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company's relevant policies and priorities. Leading growth through acquisitions and other business combinations, with the ability to assess 'build or buy' decisions, analyze the fit of a target with the Company's strategy and culture, accurately value transactions, and evaluate operational integration plan.
- vi. **Leadership:** Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth. Oversee strategic human resource management including workforce planning, employee and industrial relations and oversee large scale organisational change.
- vii. **Information Technology:** A significant background in technology, resulting in knowledge of how to anticipate technological trends, generate disruptive innovation, and extend or create new business models. Knowledge and experience in the strategic use and governance of information management and information technology within the organisation.
- viii. **International Business:** Knowledge of and experience in companies with operations outside of India.

The Directors of your Company comprises of qualified individuals who collectively possess the above skills, competencies, and experience across diverse fields that enable them to make effective contributions to the Board and its Committees. Given below is a list of core skills, expertise and competencies of the individual Directors:

Director	Area of Expertise							
	Financial	Policy Development	Leadership	Information Technology	Strategy planning, Mergers and Acquisitions	Governance and Compliance	Sales & Marketing	International Business
Mr. N. Srivishnu Raju	√		√	√	√	√	√	√
Mr. Rajesh T Ahuja	√		√	√		√	√	√
Mrs. Aparna Surabhi	√	√	√	√	√	√		
Dr. V. Nagaraja Naidu	√	√	√		√	√	√	
Mrs. N Bhuvanewari	√	√	√	√	√	√		
Mrs. N Brahmani	√	√	√	√	√	√	√	√

These skills/competencies are broad-based, encompassing several areas of expertise/experience. Each Director may possess varied combinations of skills/experience within the described set of parameters, and it is not necessary that all Directors possess all skills/experience listed therein.

#### (i) Declaration by Independent Directors

All the Independent Directors of the Company have given declarations and confirmed that they meet the criteria of Independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. They also declare that apart from receiving director's remuneration (sitting fees) they did not have any pecuniary relationship or transactions with the company, its promoter, its directors, senior management and they are not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect their independence, and was not a substantial member of the company i.e. owning two percent or more of the block of voting shares.

#### (j) Reason for resignation of an Independent Director

During the year Mr. D. Seetharamaiah (DIN: 00005016) Non-Executive Independent Director (designated as Chairperson) of the Company, resigned from the Board wef. July 01, 2020 due to his health issues and left for heavenly abode on July 19, 2020, after a brief illness. The Board of Directors of the Company express their deep condolences and pay tribute to late Mr. D. Seetharamaiah, a great visionary leader.

**(k) Policy for Prevention of Insider Trading**

The Company has adopted a Policy for Prohibition of Insider Trading ("Policy/Code") for Regulating, Monitoring and Reporting of Trades by Designated Persons' ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations).

The Policy is applicable to Promoters, Member of Promoter's Group, all Directors, designated persons and third parties such as auditors, consultants etc. who are expected to have access to unpublished price sensitive information relating to the Company. The trading window is closed from the first day of the every quarter and will open after the 48 hours of the declaration of financial results and occurrence of any material events as per the code. The Audit Committee of the company shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. The company also has a whistle-blower policy to make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information. The Code & policies are displayed on the Company's website viz. [www.heritagefoods.in](http://www.heritagefoods.in). All Directors and Senior Management of the Company are affirmed the compliance of all policies for the financial year ended March 31, 2021.

**(l) Appointment and Tenure of Directors**

The Directors of the Company are appointed/re-appointed by the Board on the recommendation of the Nomination and Remuneration Committee and approval of the members at the General Meetings. In accordance with the Articles of Association of the Company and provisions of the Act, Non-Executive Directors, except Independent Directors, of the Company, are liable to retire by rotation at the Annual General Meeting each year and, if eligible, offer themselves for re-appointment. Independent Directors are appointed for a term of 5 years. The Vice-Chairperson & Managing Director is not liable to retire by rotation but in compliance with Section 152(6) of the Companies Act, 2013 and rules made thereunder Executive Director of the Company is liable to retire by rotation.

The above proposed retirement by rotation shall not alter any terms and conditions with regard to remuneration,

tenure of appointment and such other terms and conditions relating to her appointment as an Executive Director of the company for a term of five year (w.e.f. 01.04.2019) as approved by the members of the Company by way of postal Ballot and remote e-voting, the results of which were declared on March 12, 2019

**BOARD COMMITTEES**

The Board of Directors of the Company are having 6 (Six) Committees as on March 31, 2021 i.e.

- i. Audit Committee
- ii. Nomination & Remuneration Committee
- iii. Stakeholders Relationship Committee
- iv. CSR Committee
- v. Risk Management Committee
- vi. Management Committee

The quorum for committee meetings is as per the Companies Act and SEBI Listing Regulation. The Company Secretary of the company is acting as the Secretary in each Committee.

**(m) Frequency and Length of Meeting of the Committees of the Board**

Each Committee meets as often as necessary subject to minimum number and frequency as stipulated in its charter or as prescribed in the Act and Listing Regulations. The agenda for the Committee meeting is shared with all the members of the Committee at least 7 days in advance.

**3. AUDIT COMMITTEE****(a) Brief description and term of reference:**

The Committee composition meets with requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. Members of the Audit Committee possess financial accounting expertise/exposure.

**Terms of reference**

The terms of reference of the Audit Committee is in alignment with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, are as follows:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- ii. Recommendation for appointment, remuneration and terms of appointment of auditors;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing with the management, the quarterly/annual financial results/statements and auditor's report thereon before submission to the Board for approval; -
- v. Reviewing with the management, the statement of uses/application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in the matter;
- vi. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- vii. Approval or any subsequent modification of transactions of the Company with related parties;
- viii. Scrutiny of inter-corporate loans and investments;
- ix. Valuation of undertakings or assets of the Company, wherever it is necessary;
- x. Evaluation of internal financial controls and risk management systems;
- xi. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xii. Reviewing the adequacy of internal audit function and discussion with the internal auditors of any significant findings and follow up thereon;
- xiii. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xiv. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xv. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members and creditors;

- xvi. Review the functioning of whistle blower mechanism;
- xvii. Approval of appointment of Chief Financial Officer;
- xviii. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 1,000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision
- xix. Such other matter as prescribed under Part-C of Schedule-II of SEBI Listing Regulation and from time to time be required under any statutory, contractual or other regulatory requirement

Apart from the aforementioned terms of reference, the Audit Committee mandatorily monitors and provides an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Audit Committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and the statutory auditors. The committee has the ultimate authority and responsibility to select, evaluate and where appropriate, replace the statutory auditors in accordance with the law. All possible measures were taken by the committee to ensure the objectivity and independence of the statutory auditors.

**(b) Composition, name of the members and chairperson:**

Composition of the Committee as on March 31, 2021:

Name	Designation	Category
Mrs. Aparna Surabhi	Chairperson	Non Executive Independent Women Director
Mr. N. Srivishnu Raju	Member	Non Executive Independent Director
Mr. D. Seetharamaiah*	Member	Non Executive Independent Director
Mr. Rajesh Thakur Ahuja	Member	Non Executive Independent Director
Dr. V. Nagaraja Naidu	Member	Non Executive Director

\* Mr. D. Seetharamaiah resigned from the Committee on 01.07.2020

**(c) Meeting and attendance during the year:**

Six meetings of Audit Committee were held during the financial year 2020-21, i.e. April 29, 2020, May 27, 2020, July 29, 2020, October 28, 2020, January 29, 2021 and March 25, 2021. The attendance details of the Committee Meeting are as follows:-

Name	No. of Meetings	
	Held	Attended
Mrs. Aparna Surabhi	6	6
Mr. N Srivishnu Raju	6	6
Mr. D Seetharamaiah*	6	2
Mr. Rajesh Thakur Ahuja	6	6
Dr. V Nagaraja Naidu	6	6

\* Mr. D. Seetharamaiah resigned as the Member of the Audit Committee on 01. 07 2020

Mrs. N. Bhuvanewari, Vice Chairperson & Managing Director, Mrs. N. Brahmani, Executive Director, Dr. M. Sambasiva Rao, President, Mr. A Prabhakara Naidu, Chief Financial Officer and Mr. J Samba Murthy, Chief Operating Officer of the Company are permanent invitees and Auditors are also invited to the Audit Committee Meeting, Mr. Umakanta Barik, Company Secretary & Compliance Officer is the Secretary to the Committee.

**4. NOMINATION & REMUNERATION COMMITTEE**

**(a) Brief description of terms of reference:**

The terms of reference, constitution, powers, quorum and other matters in relation to the Nomination and Remuneration Committee are as per of the Regulation 19 read with Part D of Schedule II of SEBI Listing Regulations, Section 178 of the Companies Act, 2013 as amended from time to time.

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to for remuneration for the directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of performance of Independent Directors and the board of directors;
- iii. Devising a policy on diversity of board of Directors;
- iv. Identifying persons who are qualified to become of Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- v. Whether to extend or continue the term of appointment of the independent director, on the

basis of the report of performance evaluation of Independent Directors;

- vi. Recommend to the Board, all remuneration, in whatever form payable to senior management

The committee shall review and discuss all matters pertaining to candidates and shall evaluate the candidates in accordance with a process that it sees fit, passing on the recommendations to the Board. The committee coordinates and oversees the annual self- evaluation of the Board and of individual directors. The Committee also review the performance and approve the revision of annual fixed salary & variable pay and promotions of all the Employees one level below the Board including the Functional Heads of the Company. The committee also regularly evaluate the usefulness of such performance parameters, and make necessary amendments.

**(b) Composition, name of members and chairperson:**

Name	Designation	Category
Mr. Sri Vishnu Raju	Chairman	Non-Executive Independent Director
Mr. D Seetharamaiah*	Member	Non-Executive Independent Director
Mrs. Aparna Surabhi#	Member	Non-Executive Independent Woman Director
Mr. Rajesh Thakur Ahuja	Member	Non-Executive Independent Director

\*Mr. D. Seetharamaiah resigned from the Nomination and Remuneration Committee on 01. 07 2020

#Mrs. Aparna Surabhi has appointed as Member of the Nomination & Remuneration Committee on 01.07.2020

**(c) Meeting and attendance during the year:**

The Nomination & Remuneration Committee held three meetings during the financial year 2020-21 i.e. on May 27, 2020, October 21, 2020 and March 25, 2021. The attendance details of the Committee Meetings are as follows:

Name	No. of Meetings	
	Held	Attended
Mr. N Srivishnu Raju	3	3
Mr D Seetharamaiah*	3	1
Mr. Rajesh Thakur Ahuja	3	3
Mrs. Aparna Surabhi#	3	2

\*Mr. D. Seetharamaiah resigned from the Nomination and Remuneration Committee on 01. 07 2020

#Mrs. Aparna Surabhi has appointed as Member of the Nomination & Remuneration Committee on 01.07.2020

Mrs. N Brahmani, Executive Director, Dr. M Sambasiva Rao, President of the Company are invitees to the Committee Meeting, Mr. Umakanta Barik Company Secretary & Compliance Officer is the Secretary to the Committee.

**(d) Performance evaluation criteria for - directors:**

One of the key functions of the Committee is to monitor and review the board evaluation framework. Your Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of executive / nonexecutive / independent directors. The questionnaire is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, relationship to stakeholders, company performance, company strategy, and the effectiveness of the whole Board and its various committees on a scale of one to five. Feedback on each director is encouraged to be provided as part of the questionnaire and shares the feedback with the Chairperson. The Chairperson discusses the feedback at the Board Meeting.

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee’s (SRC) composition and the terms of reference meet with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as specified in Section 178 of the Companies Act, 2013 & rules made thereof as amended from time to time as follows.

- i. Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings, etc.
- ii. Review of measures taken for effective exercise of voting rights by members
- iii. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent
- iv. Review of various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuing timely receipt of dividend warrants/annual reports/statutory notices by the members of the Company

- v. To approve, Sub- division, Consolidation and issue of new/duplicate share certificates, whenever requested for by the members of the company.

The Committee authorised Vice Chairperson & Managing Director and Executive Director of the Company to sign the Memorandum of Share Transfer/Transmissions submitted by Registrar of Transfer Agent and counter signed by Company Secretary & Compliance Officer of the company and same to be rectified by the Committee in subsequent meeting if any.

**(a) Name of non-executive director heading the committee:**

Dr. V Nagaraja Naidu – Non-executive Director

**(b) Name and designation of compliance officer:**

Mr. Umakanta Barik, Company Secretary & Compliance Officer acts as the Secretary for the Committee, who is designated as Compliance Officer in pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

**(c) Details of the Complaints/request during Financial Year 2020-21 as follows:**

No of complaints/request received: 127

No of complaints/request resolved: 127

No of pending complaints/request : NIL

**Composition, name of members and chairperson:**

Name	Designation	Category
Dr. V Nagaraja Naidu	Chairperson	Non Executive Director
Mr. D Seetharamaiah*	Member	Non Executive Independent Director
Mr. N. Srivishnu Raju	Member	Non Executive Independent Director
Mrs. N Bhuvaneshwari	Member	Executive Director
Mr. Rajesh Thakur Ahuja#	Member	Non Executive Independent Director

\*Mr. D. Seetharamaiah resigned from the Stakeholders Relationship Committee wef. 01. 07 2020

#Mr. Rajesh Thakur Ahuja was appointed as Member of the Stakeholders Relationship Committee on 01.07.2020

Four Stakeholders Relationship Committee meetings were held during the financial year 2020-21. These were

held on May 27, 2020, July 29, 2020, October 28, 2020 and January 29, 2021. The attendance details of the Committee Meeting are as follows:-

**Stakeholders Relationship Committee Attendance:**

Name	No. of Meetings	
	Held	Attended
Dr. V Nagaraja Naidu	4	4
Mr. D Seetharamaiah*	4	1
Mr. N Srivishnu Raju	4	4
Mrs. N Bhuvaneswari	4	4
Mr. Rajesh Thakur Ahuja	4	3

\*Mr. D. Seetharamaiah resigned from the Stakeholders Relationship Committee wef. 01. 07 2020

\*Mr. Rajesh Thakur Ahuja was appointed as Member of the Stakeholders Relationship Committee on 01.07.2020

All valid requests for share transfer received during the year have been acted upon and no such transfer is pending.

**5(a). Risk Management Committee**

In accordance with the provisions of Regulation 21 of the SEBI (LODR) Regulations, the Board constituted Risk Management Committee. The Committee’s prime responsibility is to implement, review and monitor the risk management plan and policy of the Company. The Committee shall be aware of the significant risk exposures of the Company and assess whether Management is responding appropriately towards them in timely manner.

The Committee’s constitution and terms of reference meet with the requirements of the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

**Composition, name of members and chairperson:**

Name	Designation	Category
Mr. Rajesh Thakur Ahuja	Chairperson	Non-Executive Independent Director
Mr. D Seetharamaiah#	Member	Non-Executive Independent Director
Mr. N. Srivishnu Raju	Member	Non-Executive Independent Director
Mrs. N Bhuvaneswari	Member	Executive Director
Mrs. Aparna Surabhi*	Member	Non-Executive Independent Woman Director

#Mr. D. Seetharamaiah resigned from the Risk Management Committee wef. 01. 07 2020

\* Mrs. Aparna Surabhi was appointed as a Member of the Risk Management Committee on 01.07.2020

One Risk Management committee meeting was held during the financial year 2020-21 on March 25, 2021.

The attendance detail of the committee meeting is as follows:

Name	No. of Meetings	
	Held	Attended
Mr. Rajesh Thakur Ahuja	1	1
Mr. D Seetharamaiah#	1	-
Mr. N. Srivishnu Raju	1	1
Mrs. N Bhuvaneswari	1	1
Mrs. Aparna Surabhi*	1	1

#Mr. D. Seetharamaiah resigned from the Risk Management Committee wef. 01. 07 2020

\*Mrs. Aparna Surabhi was appointed as a Member of the Risk Management Committee on 01.07.2020

Mrs. N Brahmani, Executive Director, Dr. M Sambasiva Rao, President and Mr. A Prabhakara Naidu Chief Financial Officer of the Company are permanent invites to the Committee Meeting, Mr. Umakanta Barik Company Secretary & Compliance Officer of the Company is the Secretary to the Committee.

**5(b). Corporate Social Responsibility Committee (CSR)**

The Corporate Social Responsibility Committee is constituted in pursuance to the Provision of Section 135 of the Companies Act, 2013 and the rules made there under as amended from time to time. The Committee’s prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of ‘Corporate Social Responsibility policy’ observe good practices at all levels, and to suggest remedial measures wherever necessary.

The Committee’s constitution and terms of reference meet with the requirements of the Companies Act, 2013 and rules made thereof as amended from time to time Composition of the Committee as on March 31, 2021:

Name	Designation	Category
Mr. D Seetharamaiah*	Chairperson	Non Executive Independent Director
Mr. Rajesh Thakur Ahuja#	Chairperson	Non Executive Independent Director
Mr. N. Srivishnu Raju	Member	Non Executive Independent Director
Mrs. N Bhuvaneshwari	Member	Executive Director

\*Mr. D. Seetharamaiah resigned from the Corporate Social Responsibility Committee wef. 01. 07 2020

#Mr. Rajesh Thakur Ahuja was appointed as Chairperson of the Corporate Social Responsibility Committed wef. 01.07.2020

The committee shall be overseeing the activities/ functioning with regards to Company's project/ works of M/s. NTR Memorial Trust, Hyderabad, being an external agency for implementation of the CSR activities of the Company and identifying the areas of CSR activities, programs and execution of initiatives as per pre-defined guidelines/policy.

One CSR Committee meetings was held during the financial year 2019-20 on May 27, 2020. The attendance details of the Committee Meeting are as follows:-

#### CSR Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah*	1	1
Mr. N Srivishnu Raju	1	1
Mr. N Srivishnu Raju	1	1
Mr. Rajesh Thakur Ahuja#	1	-

\*Mr. D. Seetharamaiah resigned from the Corporate Social Responsibility Committee wef. 01. 07 2020

#Mr. Rajesh Thakur Ahuja was appointed as Chairperson of the Corporate Social Responsibility Committed wef. 01.07.2020

Mrs. N Brahmani, Executive Director, Dr. M Sambasiva Rao, President and Mr. A Prabhakara Naidu Chief Financial Officer of the Company are permanent invitees to the Committee Meeting. Mr. Umakanta Barik Company Secretary & Compliance Officer of the Company is the Secretary to the Committee.

#### 5(c). Management Committee:

The terms of reference of the Management Committee is to consider and dispose off any day to day matters, with a view to ensuring smooth operations and timely action/ compliances. The Committee meets at frequent intervals and disposes matters which are of urgent in nature without having to wait for the next Board Meeting and those items are not statutory require for the approval of the Board.

#### Composition, name of members and chairperson:

Name	Designation	Category
Mr. D Seetharamaiah*	Chairperson	Non-Executive Independent Director
Mr. N. Srivishnu Raju	Member	Non-Executive Independent Director
Mrs. N Bhuvaneshwari	Member	Executive Director
Mr, Aparna Surabhi#	Chairperson	Non-Executive Independent Woman Director

\*Mr. D. Seetharamaiah resigned from the Management Committee wef. 01. 07 2020

#Mrs. Aparna Surabhi was appointed as Chairperson of the Management Committee wef. 01.07.2020

Seven Management Committee meetings were held during the financial year 2020-21. These were held on 29 April, 2020, 26 June, 2020, 28 August, 2020, 28 September, 2020, 24 November, 2020, 22 December, 2020 and 25 February 2021. The attendance details of the Committee Meeting are as follows:-

#### Management Committee Attendance:

Name	No. of Meetings	
	Held	Attended
Mr. D Seetharamaiah*	7	2
Mr. N. Srivishnu Raju	7	6
Mrs. N Bhuvaneshwari	7	7
Mrs. Aparna Surabhi#	7	5

\*Mr. D. Seetharamaiah resigned from the Management Committee wef. 01. 07 2020

#Mrs. Aparna Surabhi was appointed as Chairperson of the Management Committee wef. 01.07.2020

Mrs. N Brahmani, Executive Director, Dr. M Sambasiva Rao, President, Mr. A Prabhakara Naidu Chief Financial Officer

and Mr. J Samba Murthy, Chief Operating Officer of the Company are permanent invitees to the Committee Meeting, Mr. Umakanta Barik Company Secretary & Compliance Officer is the Secretary to the Committee.

## 6. REMUNERATION OF DIRECTORS

The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to director(s). All Board-level compensation shall be approved by the members and disclosed separately in the financial statements. Remuneration for the Vice- Chairperson & Managing Director and Executive Director consists of fixed component and variable component.

The compensation payable to the Independent/ Non-Executive Directors is limited to sitting fees and reimbursement of actual conveyance, travelling and other expenses for attending the Board & Committee meeting(s), as approved by the Board & members, as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time. The performance of the Independent Directors are reviewed by the Board on an annual basis.

### (a) All pecuniary relationship or transactions of the Non-Executive Directors

There is no pecuniary relationship or transactions between the company and Non-Executive directors except the sitting fees they are getting for attending the board/committee meeting and dividend on shares held by him/her.

### (b) Criteria of making payments to Non-Executive Directors:

The Non-Executive Directors are paid remuneration by way of Sitting Fees and reimbursement of actual expenses for attending the Board/ Committee Meeting. The Non-Executive Directors/ Independent Directors do not have any material pecuniary relationship or transactions with the Company. The Performa appointment letter of the Non-Executive Director including the payment thereof is available in the website of the Company i.e. [https://www.heritagefoods.in/investors/Policy/Draft\\_Appointment\\_Letter-Non-Executive\\_Independent\\_Director.pdf](https://www.heritagefoods.in/investors/Policy/Draft_Appointment_Letter-Non-Executive_Independent_Director.pdf). The details of the amount paid to all Directors are disclosed in point no. 5(c)(i) of the Corporate Governance Report section in the Annual Report.

### (c) Other disclosures with respect to remuneration:

#### i. All elements of remuneration of individual directors summarized under major groups such as salary, benefits, bonuses, stock options, pensions etc:

The Details of remuneration paid/payable for the year ended March 31, 2021 is as follows:

(₹ in Millions)

Name	Sitting Fees	Remuneration	Perquisites/ Perks	Performance/ Annual Pay	Total
<b>Independent Directors</b>					
Mr. D Seetharamaiah*	0.26	-	-	-	<b>0.26</b>
Mr. N Srivishnu Raju	0.68	-	-	-	<b>0.68</b>
Mr. Rajesh Thakur Ahuja	0.59	-	-	-	<b>0.59</b>
Mrs. Aparna Surabhi	0.60	-	-	-	<b>0.60</b>
<b>Non-Executive Directors</b>					
Dr. V Nagaraja Naidu	0.51	-	-	-	<b>0.51</b>
<b>Whole-time Directors</b>					
Mrs. N. Bhuvaneshwari	-	18.00	-	92.80	<b>110.80</b>
Mrs. N Brahmani	-	9.00	0.75	78.89	<b>88.64</b>

\* Mr. D. Seetharamaiah resigned from the Directorship of the Company on 01. 07 2020

#### ii. Details of fixed component and performance linked incentives, along with the performance criteria:

The Non-Executive Directors of the Company were paid only sitting fees and reimbursement of actual expenses for attending the Board/ Committee meetings. The performance criteria for two Executive Directors/Whole-time Directors entitled for Performance Linked Incentive as determined by the Nomination & Remuneration Committee, Board of Directors and approved by the members of the Company:

Particulars		Mrs. N Bhuvanewari – Vice-Chairperson & Managing Director	Mrs. N Brahmani – Executive Director
A	Salary	₹15.00 Lakhs (Rupees Fifteen Lakhs only) per month	₹7.50 Lakhs (Rupees Seven Lakhs Fifty Thousand only) per month
B	1 Housing	Furnished/unfurnished residential accommodation or house rent allowance of maximum of 50% of salary in lieu thereof. The expenditure incurred by the Company if any, on gas, electricity and water shall be valued as per the Income Tax Rules, 1962.	Furnished/unfurnished residential accommodation or house rent allowance of maximum of 50% of salary in lieu thereof. The expenditure incurred by the Company if any, on gas, electricity and water shall be valued as per the Income Tax Rules, 1962.
	2 Medical Reimbursement	Payment/Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month's basic salary in a year or as is provided by the Companies' Group Medical Insurance Policy.	Payment/Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month's basic salary in a year or as is provided by the Companies' Group Medical Insurance Policy.
	3 Leave Travel Assistance	For self and family, once a year subject to ceiling of one month's salary.	For self and family, once a year subject to ceiling of one month's basic salary.
	4 Club Fees	Fees of clubs subject to a maximum of two clubs. This will include admission and corporate annual membership fees.	Fees of clubs subject to a maximum of two clubs. This will include admission and corporate annual membership fees.
	5 Personal Accident Insurance	Premium of which shall not exceed ₹ 1,00,000 (Rupees One Lakh only) per Annum	Premium of which shall not exceed ₹ 1,00,000 (Rupees One Lakh only) per Annum
	6 Books & Periodicals	Books & Periodicals and outfit requirements not exceeding of ₹50,000/- (Rupees Fifty Thousand only) per month.	Books & Periodicals and outfit requirements not exceeding of ₹45,000/- (Rupees Forty Five Thousand only) per month
	7 Others	Such other benefits, amenities, facilities and perquisites as per the rules of the Company, as applicable and as may be permitted by the Board of Directors of the Company.	Such other benefits, amenities, facilities and perquisites as per the rules of the Company, as applicable and as may be permitted by the Board of Directors of the Company.
C	Other Benefits		
	1 Provident Fund contribution	As per rules of the company	As per rules of the company
	2 Gratuity	As per rules of the company	As per rules of the company
	3 Leave encashment benefits	As per rules of the company	As per rules of the company
4 Superannuation contribution	As per rules of the company	As per rules of the company	
D	1 Car & Telephone	The Company shall provide a car with driver, telephone, other communication devices at the residence and Mobile phone for the Companies business purpose.	The Company shall provide a car with driver, telephone, other communication devices at the residence and Mobile phone for the Companies business purpose.

Particulars		Mrs. N Bhuvanewari – Vice-Chairperson & Managing Director	Mrs. N Brahmani – Executive Director
E	Performance / Annual Pay	Mrs. N. Bhuvanewari shall be entitled for Performance / Annual Pay, however the Performance/Annual Pay so paid plus her substantive salary as referred to above from A to C shall not exceed 5% of the net profit of the Company calculated in accordance with Sec.197 & 198 of the Companies Act, 2013 and read with the Schedule V of the Companies Act, 2013 and ruled made thereof as approved by the Remuneration Committee and Board of Directors approved by the members of the Company.	Mrs. N. Brahmani shall be entitled for Performance/Annual Pay, however the Performance/Annual Pay so paid plus her substantive salary as referred to above from A to C shall not exceed 4% of the net profit of the Company calculated in accordance with Sec.197 & 198 of the Companies Act, 2013 and read with the Schedule V of the Companies Act, 2013 and ruled made thereof as approved by the Remuneration Committee and Board of Directors approved by the members of the Company.
F	Minimum Remuneration	in case of losses or inadequacy of profits in any financial year during her tenure she shall be eligible for a minimum remuneration of ₹15 lakhs (Rupees Fifteen Lakhs Only) per month, perquisites and allowances as referred above from A to D.”	in case of losses or inadequacy of profits in any financial year during her tenure she shall be eligible for a minimum remuneration of ₹7.50 Lakhs (Rupees Seven Lakhs Fifty Thousand only) per month, perquisites, and allowances as referred above from A to D.”

**iii. Service contracts, notice period, severance fees:**

The Company has entered service contract/issued appointment letter with executive directors having a 3 month’s notice period either side and there is no severance fees involved for any of its directors of the Company. The Company also has issued appointment letter to Non-Executive independent director as prescribed by the companies Act and applicable regulations.

**iv. Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable:**

The Company has not granted any stock option to any of its directors. Dr. V Nagaraja Naidu, Non-Executive Director of the Company is holding 1,00,000 equity shares of face value of ₹5 each, Mrs. N Bhuvanewari and Mrs. N Brahmani, Executive/ Whole-time Directors of the Company are holding 1,06,61,652 and 2,03,200 equity shares of face value of ₹5 each of the Company respectively as on March 31, 2021.

Besides dividend on equity shares, if any, held by the Directors and payments as mentioned above no other payments have been made nor have the Directors of the company entered into any transactions of pecuniary nature.

**7. GENERAL BODY MEETINGS**

**(a) Location and time, where the last three annual general meeting held:**

For the financial year 2019-20, the Company’s Annual General Meeting was held through VC/OAVM pursuant to the Ministry of Corporate Affairs (“MCA”) circular No. 20/2020 dated May 5, 2020 read together with circulars No. 14/2020 dated April 8,2020 and No. 17/2020 dated April 13, 2020 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015 and the deemed venue was the Registered Office of the Company.

For the Financial year ended March 31, 2018 and March 31, 2019 the Company’s Annual General Meetings were held at Auditorium Hall, 2nd Floor, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad-45. Details of date & time are as follows:

Financial year ended	Date and time	Special Resolution(s) Passed
March 31, 2020	August 28, 2020 at 10:30 am	NIL
March 31, 2019	August 30, 2019 at 10.30 am.	Re-appointment of Mr. N Sri Vishnu Raju (DIN:00025063) as Non Executive Independent Director of the company
March 31, 2018	August 30, 2018 at 10.30 am.	NIL

**(b) Whether any special resolutions passed in the previous three annual general meeting:**

Yes, during the financial year 2018-19 a special resolution had been passed i.e.

- Re-appointment of Mr. N Sri Vishnu Raju (DIN: 00025063) as Non Executive Independent Director of the company for a second term of five years.

**(c) Postal ballot:**

During the financial year 2020-21, members of the company have approved the resolutions, stated in the below table by requisite majority, by means of Postal ballot, including Electronic Voting (e-voting). The Postal Ballot Notice dated Thursday, 14<sup>th</sup> May, 2020 along with the Postal Ballot Form was sent in electronic form to the members whose e-mail addresses were registered with the Company/respective Depository Participants.

The Company had published a notice in the newspaper on May 19, 2020 in Financial Express (all edition) and Andhra Prabha (Hyderabad edition) in compliance with the provisions of the Companies Act, 2013 and Secretarial Standard – 2. The voting period commenced from at 09:00 A.M. on Tuesday, May 19, 2020 and ended at 05:00 P.M. on Wednesday, June, 17, 2020 (IST). The voting rights of members were reckoned on the paid-up value of shares registered in the name of member/beneficial owner (in case of electronic shareholding) as Friday May 15, 2020.

The details of the voting pattern are given below:

Name of the Resolution	Type of Resolution	No of Votes Polled	Votes Cast in favour		Votes Cast against	
			No of Votes	%	No of Votes	%
To approve for giving guarantee or providing security under Section 185 of Companies Act, 2013 to the Joint Venture Company	Special	32132511	32127817	99.99	2628	0.01
To approve for giving loan or guarantee or providing security in connection with loan availed by any of Company's Subsidiary, Associate, Joint Venture Company and other person specified under section 185 of the Companies Act, 2013.	Special	32132511	28682558	89.26	3447648	10.73

**(d) Person who conducted the postal ballot exercise:**

The Board had appointed CS. Savita Jyothi (M No: 3738, CP No:1796) Partner of Savita Jyothi Associates, Hyderabad-500 094, as the Scrutiniser to conduct the postal ballot process in a fair and transparent manner and had engaged the services of M/s. KFin Technologies Private Limited as the agency for the purpose of providing e-voting facility.

Mrs. Savita Jyothi, has submitted her report on the postal Ballot to the Chairperson on June 18, 2020.

**(e) Whether any special resolution is proposed to be conducted through postal ballot:**

There is no immediate proposal for passing any resolution through Postal Ballot.

**(f) Procedure for postal ballot:**

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules and read with MCA circulars, the Company provides electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, the Company has engaged the services of M/s. Kfin Technologies Pvt Ltd. (Formerly known as Karvy Fintech Pvt. Ltd.)

Postal ballot notices and forms are dispatched, along with postage prepaid business reply envelopes to registered members/ beneficiaries. The same notice is sent by email to members who have opted for receiving communication through the electronic mode. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members who want to exercise their votes by physical postal ballot are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Those using the e-voting option are requested to vote before the close of business hours on the last date of e-voting.

The scrutinizer completes his/her scrutiny and submits his report to the Chairman, and the consolidated results of the voting are announced by the Chairman / authorized officer. The results are also displayed on the Company website, [www.heritagefoods.in](http://www.heritagefoods.in), besides being communicated to the stock exchanges and registrar and share transfer agent.

**8. Means of Communication****(a) Financial Results:**

The Quarterly/Half yearly/Annual Un-Audited/Audited Financial Results (Standalone & Consolidated) along with the Limited Review Report from Statutory Auditors are uploaded on the website of the Company and submitted to the Stock Exchanges as per the applicable provisions of the SEBI (LO&DR) Regulations, 2015 as amended from time to time.

The members are provided with the necessary information with notices sent for the Annual General Meeting / Extraordinary General Meeting. Any other information sought by members is being provided on request.

**(b) News Paper where results normally published:**

The quarterly/annual Financial results are published in English newspaper namely i.e. Financial express all editions and vernacular language newspaper namely i.e. Vishalandhra/Andhra Prabha, Hyderabad edition.

**(c) Website:**

The Company's website i.e., [www.heritagefoods.in](http://www.heritagefoods.in) contains a separate dedicated section 'Investor Relations' where members information is available. Full text of Annual Report is also available on the website in a user friendly and downloadable format as per the requirement of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

**(d) News Releases, Presentations etc :**

The Quarterly results, Shareholding Patterns, Official News releases, analysis and information to investors, etc. are displayed on the company's website: [www.heritagefoods.in](http://www.heritagefoods.in) as well as the website of the Stock Exchanges where the shares of the Company are listed.

**(e) Presentations to institutional investors/analysts:**

Detailed presentations are made to institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results. These presentations are also uploaded on the Company's website [www.heritagefoods.in](http://www.heritagefoods.in) and the website of the Stock Exchanges where the shares of the Company are listed.

Annual Report: The Annual Report containing inter- alia Notice of the 29<sup>th</sup> Annual General Meeting, Audited Annual Accounts (Standalone & Consolidated), Directors' Report including Annexure thereto, Auditors Report, Management Discussion and Analysis, Report on Corporate Governance, Secretarial Audit Report and other important information is circulated to Members and others entitled thereto.

Reminder to Investors: Reminders for unclaimed/ unpaid dividend and shares thereof are sent to members as per records every year.

NSE Electronic Application Processing System (NEAPS) (Scrip Code: HERITGFOOD): The NEAPS is a web-based application designed by National Stock Exchange of India Limited (NSE), Mumbai for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre') (Scrip Code: 519552): BSE's Listing Centre is a web-based application Centre): BSE's Listing Centre is a web- based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES ID: H00059): The investor complaints are processed in a centralised web- based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

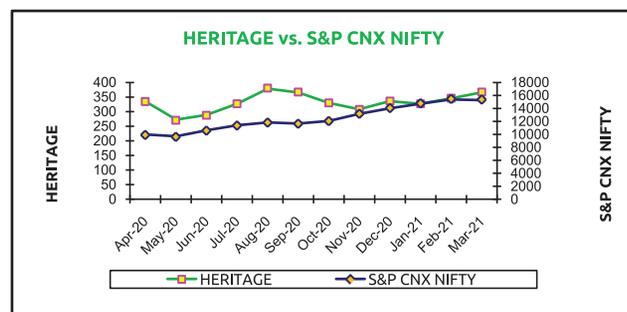
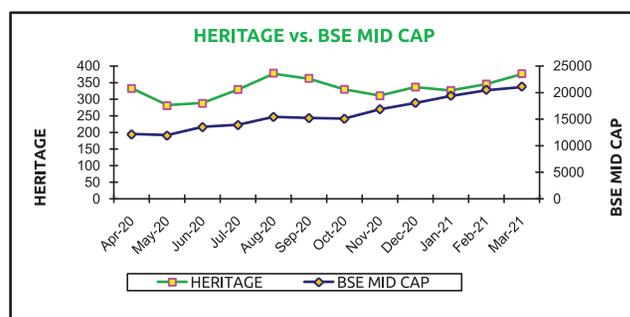
## 9. GENERAL SHAREHOLDER INFORMATION

<b>(a)</b>	Company Identification No.(CIN)	L15209TG1992PLC014332
	Annual General Meeting - Date and Time	July 30, 2021, Friday, 10:30 a.m
	Venue	The Company will conduct the 29 <sup>th</sup> AGM for FY 2020-21 through VC/OAVM pursuant to Ministry of Corporate Affairs ("MCA") Circular No. 02/2021 dated January 13, 2021, Circular No. 20/2020 dated May 5, 2020 read together with circulars No. 14/2020 dated April 8, 2020, Circular No. 17/2020 dated April 13, 2020 and (collectively referred to as "MCA Circulars") and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/ 2020/79 dated May 12, 2020. The deemed venue shall be the Registered Office of the Company. For further details please refer to the Notice of this AGM.
<b>(b)</b>	Financial year	April 01 to March 31
	Financial Calendar (tentative) Results for the quarter ending	June 30, 2021 – Last week of July, 2021 September 30, 2021 – Last week of October, 2021 December 31, 2021 - Last week of January, 2022 March 31, 2022 - Last week of May, 2022 Annual General Meeting - July, 2022
	Date of Book Closure	Saturday, July 24, 2021 to Friday, July 30, 2021 (both days inclusive)
	Dividend Payment date	The dividend, if declared, shall be paid/credited to the respective bank account of members on August 05, 2021 subject to deduction of applicable taxes. The dispatch of dividend warrants may take sometime due to COVID-19 pandemic.
<b>(d)</b>	Listing on Stock Exchanges	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 National Stock Exchange of India Limited (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai – 400051
	Payment of Listing Fee	Annual listing fee for the year 2021-22 has been paid by the Company to BSE and NSE.
<b>(e)</b>	Stock / Scrip Code	BSE – 519552 NSE – HERITGFOOD (Shares of the Company are trading in demat form only as per the SEBI regulations)
	ISIN Number	INE978A01027

**(f)** Market Price Data – high, low during each month of the financial year 2020-21

Month	NSE (in ₹ per share)		BSE (in ₹ per share)	
	HIGH	LOW	HIGH	LOW
Apr-20	334.00	207.10	331.70	211.70
May-20	270.00	225.35	279.90	225.00
Jun-20	287.00	233.25	287.00	231.55
Jul-20	326.50	242.20	328.70	242.00
Aug-20	379.95	295.70	377.70	295.30
Sep-20	366.55	302.40	362.00	303.00
Oct-20	329.40	284.30	329.05	287.05
Nov-20	306.95	259.00	309.70	257.00
Dec-20	335.70	270.00	335.90	270.00
Jan-21	326.40	269.00	325.55	268.30
Feb-21	345.20	273.20	345.00	273.25
Mar-21	366.45	289.40	376.05	289.60

**(g)** Performance in comparison to broad based indices – BSE MID CAP & NSE NIFTY



**(h)** During the year under review the shares of your Company are not suspended from trading by any of the stock exchange where the shares are listed.

**(i) Registrar to an issue and share transfer agent:**

**KFin Technologies Private Limited**

(Formerly known as Kfintech Private Limited)

Karvy Selenium Tower B, 6th Floor

Plot 31-32, Gachibowli, Financial District.

Nanakramguda, Hyderabad – 500 032

Tel: +91-40-67161566

Toll Free No.: 1800-4258-998;

Fax: +91-40-23114087

**(j) Share transfer system:**

SEBI vide its notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2019 notified that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository and came into effect from April 01,

2019. However, transfer deed(s) once lodged prior to deadline and returned due to deficiency in the document may be re-lodged for transfer even after the deadline of April 01, 2019 as per the clarification made by SEBI vide PR No.:12/2019 dated Mar 27, 2019. Therefore, transfers in physical form for those shares are registered by the Registrar and share Transfer Agents immediately on receipt of completed documents and certificates are issued within 7 days of date of lodgement of transfer. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Vice Chairperson & Managing Director/Executive Director. A summary of transfer/ transmission of securities of the Company so approved by the Vice Chairperson & Managing Director/ Executive Director are placed at every Stakeholder's Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations & Disclosure Requirement) Regulations 2015 and files a copy of the said certificate with Stock Exchanges.

**(k) Distribution of Shareholding as on March 31, 2021**

Category Code	Category of Shareholder	Number of Share-holders	Total Number of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoters and Promoter Group			
1	Indian	11	18512092	39.90
2	Foreign	-	-	-
	<b>Total Shareholding of Promoter and Promoter Group</b>	<b>11</b>	<b>18512092</b>	<b>39.90</b>
(B)	Public Shareholding			
1	Institutions	30	8029130	17.30
2	Non-institutions	24674	19856778	42.80
	<b>Total Public Shareholding</b>	<b>24704</b>	<b>27885908</b>	<b>60.10</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
1	Promoter and Promoter Group	-	-	-
2	Public	-	-	-
	<b>TOTAL (A)+(B)+(C)</b>	<b>24715</b>	<b>46398000</b>	<b>100.00</b>

**Shareholding Pattern by Size as on March 31, 2021**

Category (No. of Shares)	No. of Shareholders	No. of Shares	% of Total Shares
Up to 500	23148	3191456	6.88
501 - 1000	823	1223234	2.64
1001 - 2000	363	1073485	2.31
2001 - 3000	111	553341	1.19
3001 - 4000	67	483605	1.04
4001 - 5000	62	575110	1.24
5001 - 10000	65	1008699	2.17
10001 - Above	76	38289070	82.53
<b>TOTAL</b>	<b>24715</b>	<b>46398000</b>	<b>100.00</b>

**(l) Dematerialization of shares and liquidity:**

Total Shares in Demat and Physical form as on March 31, 2021.

Sl. No	Category	Total Shares	% To Equity
1	Physical	599700	1.29
2	NSDL	39964325	86.14
3	CDSL	5833975	12.57
	<b>Total</b>	<b>46398000</b>	<b>100.00</b>

**Dematerialisation of Shares**

98.71% of the Company's paid-up Equity share capital has been dematerialised as on March 31, 2021. The total holdings of shares of promoters/PAC are in Demat form. The trading of the Equity shares of the company is permitted only in dematerialised form as per the notification issued by SEBI.

The Company has complied the Regulation 31(2) of SEBI (Listing Obligation & Disclosure Requirement) Regulation 2015, as follows:

Category of Shareholder	Total		Shares In Demat Form	
	No of Shareholders	Number of shares Held	No of Shares	% of Respective Shareholding
Promoters & Promoters Group	11	18512092	18512092	100%
Public	24704	27885908	27286208	97.85%
<b>Total</b>	<b>24715</b>	<b>46398000</b>	<b>45798300</b>	

To enable us to serve our investors better, we request shareholders whose shares are in the physical mode to dematerialize their shares and update their bank accounts with the respective depository participants.

**(m) The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments during the year under review.**

**(n) Commodity price risk or foreign exchange risk and hedging activities:**

The Company is subject to the Commodity price risk due to fluctuation price of Dairy Commodities. During the year Company has not exported its products to any country.

**(o) Major Plant Locations:**

**B. Kotha Kota**

Bering (V), Sankarapuram (Post),  
Kotha kota (M), Chittoor Dist-517370  
Andhra Pradesh, India

**Bayyavaram**

Bayyavaram (V),  
Kasimakota (M), Visakhapatnam Dist.-531031  
Andhra Pradesh, India

**Bengaluru**

Yadavanhalli (V) Neraluru Post, Attibele Hobli  
Anekal Taluk Bengaluru South-562107  
Karnataka, India

**Bhattiprolu**

Vellaturu Raod, Bhattiprolu (V) & (M),  
Guntur. Dist-522 256  
Andhra Pradesh, India

**Bobbili**

Mettavalasa (V),  
Growth Center, Bobbili,  
Vizianagaram Dist-535 558  
Andhra Pradesh, India

**Chittoor**

Sundrajapuram (V),  
ER palli post, G.D Nellore (M),  
Chittoor Dist-517 125  
Andhra Pradesh, India

**Gokul**

Kasipentala (V),  
Charndragiri (M), Chittoor Dist-517 101  
Andhra Pradesh, India

**Pamarru**

Yendagandi (V), K. Gangavaram (M),  
East Godavari Dist-533 305  
Andhra Pradesh, India

**Rai**

D No.497, Food Park, Phase 1,  
Sector-38, Industrial Estate – HSIIDC,  
Rai, Sonipat Dist-131 029,  
Haryana, India

**Sangvi**

Milakt No. 892.  
AT/Post - Sangavi,  
Phaltan taluka, Satara Dist-415 523  
Maharashtra, India

**Vadamadurai**

MorePatti (V), Vadamadurai,  
Dindigul Dist-624 802  
Tamilnadu, India

**Kalluru**

Koralagudam (V) Kalluru (M),  
Khammam Dist-507 209  
Telangana, India

**Narketpalli**

Cheruguttu (V), Narketpalli (M),  
Nalgonda Dist-508 254  
Telangana, India

**Shameerpet**

Survey No 174,198, 203.  
Sampanbole Village Shamirpet Mandal,  
Medchal Dt-500 078, Telangana, India

**Uppal**

C- 10 Raoad No 7,  
IDA Uppal, Hyderabad-500 039  
Telangana, India

**Manor**

Survey No. 13/1 & 13/2,  
Village – Durves, Near Manor, Palghar Taluk,  
Dist-Thane, Maharashtra-401403

**(p) Address for Correspondence**

**Investor Correspondence**

**KFin Technologies Private Limited**

(Formerly known as Karvy Fintech Private Limited)

Karvy Selenium Tower B, 6th Floor

Plot 31-32, Gachibowli, Financial District.

Nanakramguda, Hyderabad – 500 032

Tel: +91-40-67161566

Toll Free No.: 1800 309 4001

Email id - [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

Website: [www.kfintech.com](http://www.kfintech.com)

Any query on the Annual Report

**Mr. Umakanta Barik**

Company Secretary & Compliance Officer

**Heritage Foods Limited,**

#6-3-541/C, Panjagutta,

Hyderabad-500 082, Telangana, India,

Tel: +91-40-23391221

E-mail: [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in)

Website: [www.heritagefoods.in](http://www.heritagefoods.in)

**(q) Credit Rating:**

During the year under review your Company has obtained the Credit Rating from CRISIL Limited; an S & P Global Company, which is as follows:

Long-Term Rating	CRISIL A/Positive
Short-Term Rating	CRISIL A1

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation"), your Company has intimated such to the stock exchanges, where the share of the Company are listed.

**10. OTHER DISCLOSURES**

**(a) Disclosure in materiality significant related party transactions: Regulation 23 of the SEBI Listing Regulations and as defined under the Act**

During the period under review, there have been no materially significant related party transactions, monetary transactions or relationships between the Company and directors, the Management, Key Managerial Personnel, Subsidiaries or relatives, except for those disclosed in the Notes on Accounts, forming part of the Annual Report.

The policy on Related Party Transactions is hosted on the website of the Company under the web link : <https://www.heritagefoods.in/policy>

**(b) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by the stock exchange(s) or the board or any statutory authority, on any matter related to capital market, during the last three years: [Schedule V (C) 10(b) to the SEBI Listing Regulations]**

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any Statutory Authority.

**(c) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee: (Regulation 22 of the SEBI Listing Regulations)**

The Board of Directors of the Company had adopted the Whistle Blower Policy. A mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The Audit Committee reviews periodically the functioning of whistle blower mechanism. There is no complaint received during the Financial Year ended March 31, 2021.

No personnel have been denied access to the Audit Committee. The Whistle Blower Policy has been disclosed on the Company's website under the web link: <https://www.heritagefoods.in/policy>

**(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements: Schedule II Part E of the SEBI Listing Regulations**

The Company has complied with all mandatory requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time. The Company has adopted following non-mandatory requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015:

With regard to the discretionary requirements, the Company has adopted the clauses relating to the following:

**The Board:** The Company has a Non-Executive Chairperson till July 01, 2020 and thereafter there is no Chairperson of the Company.

**Communication to Members:** Quarterly/ Half yearly/ Annual Financial statements are published in the Newspapers and uploaded in the Company's website and intimated to the Stock Exchanges. Investors presentations on Quarterly/ Half-yearly/annual financial statements are uploaded in the Company's website and intimated to Stock Exchanges, where shares of the Company are listed and was sent to all the members of the Company through e-mail.

**Audit Qualification:** The Company is in the regime of unqualified financial statements (Standalone & Consolidated).

**Reporting of Internal Auditors:** The Internal Auditors make presentations to the Audit Committee on their reports on a regular basis. They are submitting the Internal Audit Report with observations, reviews, comments and recommendations through presentations which they have observed during their Audit along with follow up actions taken by the management.

**(e) Policy for determining 'material' subsidiaries is disclosed: Regulation 24 of the SEBI Listing Regulations**

The Audit Committee reviews the Standalone & Consolidated financial statements of the Company and the investments made in the unlisted subsidiary company. The minutes of the Board Meetings along with a report on significant developments of the unlisted subsidiary company are periodically placed before the Board of Directors of the Company.

**(k) Remuneration/Fees of Statutory Auditor:**

During the year under review your Company and its Subsidiary/Associate/ Joint Venture Company paid the following remuneration/fees to the Statutory Auditor namely M/s. Walker Chandio & Co. LLP, Chartered Accountants (FRN 001076N/500013).

(₹ in Million)

Particulars	Heritage Foods Ltd	Heritage Nutrivet Ltd	Skil Raigam India Pvt Ltd	Heritage Novandie Foods Pvt Ltd
Statutory Audit fee	4.76	0.60	0.08	0.59
Limited review fee	2.04	-	-	-
Certification fee	0.29	0.19	-	-
Tax audit fee	0.82	0.15	-	-
Taxation matters	0.17	-	-	-
Reimbursement of Expenses	0.01	0.02	-	-
<b>Total</b>	<b>8.09</b>	<b>0.96</b>	<b>0.08</b>	<b>0.59</b>

The Company does not have any material unlisted subsidiary company. The Company has a policy of determining 'material' subsidiaries which is hosted on the website at <https://www.heritagefoods.in/policy>

**(f) Web link where policy for dealing with related party transactions is disclosed:**

The URL of policy on dealing with related party transaction is <https://www.heritagefoods.in/policy>

**(g) Disclosure for commodity price risks and commodity hedging activities:**

The Company is subject to the Commodity price risk due to fluctuation price of Dairy products. During the year Company has not exported any products of the Company.

**(h) The Company has not made any preferential allotment or qualified institutions placement during the year under review.**

**(i) A certificate obtained from Mrs. Savita Jyoti, Partner of, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), Secunderabd - 500 094 stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority which forms part of the Annual Report [Annexure-3(ii) in the Boards Report]**

**(j) During the year there were no instances where Board had not accepted any recommendation of any Committee of the Board which is mandatorily required.**

**(l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as amended from time to time:**

- a. No of complaints filed during the financial year: Nil
- b. No of complaints disposed of during the financial year: Nil
- c. No of complaints pending as on end of the financial year: Nil

**(m) Disclosures regarding the appointment or re-appointment of independent directors:**

The Companies Act, 2013 and Rules made thereof as amended from time to time provides for the appointment of independent directors. Sub-section (10) of Section 149 of the Companies Act, 2013 provides that independent directors shall hold office for a term of up to five consecutive years on the board of a company; and shall be eligible for reappointment on the passing of a Special Resolution by the members of the Company. Accordingly, all independent directors were appointed by the members at the general meeting as required under Section 149(10).

Further, Section 149(11) states that no independent director shall be eligible to serve on the Board for more than two consecutive terms of five years each. Section 149(13) states that the provisions of retirement by rotation as defined in Sub-sections (6) and (7) of Section 152 of the Act shall not apply to such independent directors.

The Company has issued formal letter of appointment to all the Independent Directors on their appointment inter-alia explaining their roles, responsibilities, code of conduct, their functions and duties as directors of the Company. The terms and conditions of the appointment of Independent Directors have been uploaded on the website of the Company and can be accessed at <https://www.heritagefoods.in/policy>

**(n) Preservation of Documents**

The Company has adopted the policy on preservation of documents in accordance with Regulation 9 of the Securities and Exchange Board of India (Listing Obligations

and Disclosure Requirements) Regulations, 2015. The Documents Preservation Policy is available on the website of the Company at <https://www.heritagefoods.in/policy>

**(o) Policy on Determination of Materiality of events and information for Disclosures: Regulation 30 of SEBI Listing Regulations :**

The Company has adopted a Policy on Determination of Materiality for Disclosures. The URL of policy is <https://www.heritagefoods.in/policy>

**(p) Policy on Archival and Preservation of Documents: Regulation 9 of SEBI Listing Regulations**

The Company has adopted a Policy on Archival and Preservation of Documents. The URL of the policy is at <https://www.heritagefoods.in/policy>

**(q) Code of Conduct: Regulation 17 of the SEBI Listing Regulations**

The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2021. The Annual Report of the Company contains a certificate by the Vice Chairperson and Managing Director, on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management. The weblink is <https://www.heritagefoods.in/policy>

**(r)** During FY 2020-2021, information as mentioned in Part A of Schedule II of SEBI Listing Regulations, has been placed before the Board for its consideration. The Board periodically reviews the compliance reports of all laws applicable to the Company

**11.** The Company has complied with all the requirements of Schedule V of Corporate Governance Report as stated under sub-para (2) to (10) of section (C) of Schedule V of the Securities Exchange Board of India (Listing obligation and Disclosure Requirements) Regulations, 2015.

**12.** During FY 2021, information as mentioned in Part E of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

- 13.** The Disclosure of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations are as follows:

Sr. No.	Particulars	Regulation	Compliance Status Yes/No/NA
1.	Board of Directors	17	Yes
2.	Audit Committee	18	Yes
3.	Nomination and Remuneration Committee	19	Yes
4.	Stakeholders Relationship Committee	20	Yes
5.	Risk Management Committee	21	Yes
6.	Vigil Mechanism	22	Yes
7.	Related Party Transaction	23	Yes
8.	Subsidiaries of the Company	24	Yes
9.	Obligations with respect to Independent Directors	25	Yes
10.	Obligations with respect to employees including Senior Management, Key Managerial Personnel, Directors and Promoters	26	Yes
11.	Other Corporate Governance requirements	27	Yes
12.	Website	46(2)	Yes

#### 14. CEO and CFO Certification

The Vice Chairperson & Managing Director and the Chief Financial Officer of the Company has given annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. Vice Chairperson & Managing Director and the Chief Financial Officer also provide quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. The annual certificate given by the Vice-Chairperson & Managing Director and the Chief Financial Officer forming part of the Annual Report.

#### 15. Compliance Certificate from the Auditors

Certificate from Statutory Auditors of the Company M/s. Walker Chandiok & Co. LLP, Chartered Accountants (FRN:001076N/N500013), Hyderabad, confirming Compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 is forming part of the Annual Report.

#### 16. Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has credited ₹1,115,461/- (Eleven Lakhs Fifteen Thousand

Four Hundred Sixty One Only) towards the unclaimed/unpaid dividend amount for the financial year 2012-13 to the Investor Education and Protection Fund (IEPF) pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time.

In compliance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred the 63,880 equity shares belongs to 61 members of the company to the Investor Education and Protection fund Authority (IEPF) on October 16, 2020 of those members who have not claimed the dividends for a continuous period of 7 years.

Pursuant to Section 124(5) of the Companies Act, 2013 [Section 205C (2) of the Companies Act, 1956] read with the Investor Education and Protection Fund (awareness and protection of Investors) Rules, 2001 as amended from time to time the unclaimed/unpaid dividend and the shares thereof pertaining for the financial year 2013-14 shall be transferred to the Investor Education and Protection Fund during the financial year 2021-22.

#### 17. Secretarial Audit

A qualified practicing Company Secretary has carried out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository

Services (India) Limited (CDSL) and physical share with the total issued and listed capital. The audit confirms that the total issued/ paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

In terms of the amended SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the Company has obtained the Secretarial Compliance certificate (UDIN:F003738C000146364) dated April 21, 2021 from Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), Secunderabad - 500 094, which forms part of the Annual Report and the same was also intimated to the Stock Exchanges where the shares of the Company are listed.

As per Section 204 of the Companies Act, 2013 and the Rules made thereof, the Board of Directors of the Company appointed Mrs. Savita Jyoti, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No.1796), Secunderabad - 500 094 to conduct Secretarial Audit. The Secretarial Audit Report (UDIN:F003738C000146331) dated April 21, 2021 for the financial year ended March 31, 2021, is forming part of the Annual Report.

## 18. No Disqualification Certificate From Practicing Company Secretary:

Certificate from Ms. Savita Jyothi, Partner, M/s. Savita Jyoti Associates, Practicing Company Secretary (CP No:1796), Secunderabad - 500 094, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

## 19. Management Discussion and Analysis (MDA):

MDA forms part of the Directors' Report and is presented in the Annual Report under a separate heading.

## 20. Any query on the Annual Report

Mr. Umakanta Barik  
Company Secretary & Compliance Officer  
Heritage Foods Limited,  
#6-3-541/C, Punjagutta,  
Hyderabad-500 082,  
Telangana, India  
Tel: +91-40-23391221  
E-mail: [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in)

## 21. Code of Conduct

In compliance with SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics ('the Code'). The Code is applicable to the members of the Board, the executive officers and all employees of the Company and its subsidiaries. The Code is available in the Company website i.e. [www.heritagefoods.in](http://www.heritagefoods.in).

## 22. Compliance with the corporate governance codes

We have always believed in maximum fiscal transparency, and benchmarked our disclosures against a host of national and international guidelines and regulations. Some of the notable ones among them are as follows:

**The SEBI (LO&DR) Regulations, 2015:** The SEBI (LO&DR) Regulations, 2015 prescribe various corporate governance recommendations in line with the corporate governance committee constituted by SEBI. We comply with the corporate governance requirements under the SEBI (LO&DR) Regulations, 2015 and specifically to the requirements under Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

### Compliance with discretionary requirements

The Company has also ensured the implementation of non-mandatory items such as:

- Separate posts of Chairman and MD, with the provision for reimbursement of expenses in the performance of official duties.
- Unmodified audit opinions / reporting
- The internal auditor reporting directly to the audit committee.

### 23. Disclosure of Accounting Treatment in preparation of Financial Statements

The Company adopted Indian Accounting Standards ("Ind AS"), accordingly, the financial statements (Standalone & Consolidated) have been prepared in accordance with Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015, as amended, and notified under Section 133 of the Act and other relevant provisions of the Act

### 24. Certificate on Compliance with Code of Conduct

In terms of Regulation 26 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I Mrs. N Bhuvanewari, Vice Chairperson & Managing Director hereby confirm that all the Members of the Board and Senior Management Personnel of the Company have affirmed the compliance of the Company's Code of Conduct for the Board of Directors and Senior Management for the financial year 2020-21.

For and on behalf of

**HERITAGE FOODS LIMITED**

**Registered Office:**

#6-3-541/C, Panjagutta  
Hyderabad – 500 082  
Telangana, India  
CIN: L15209TG1992PLC014332  
Tel.: +91-40-23391221/2  
Fax: +91-40-23318090  
E-mail: hfl@heritagefoods.in  
Date: May 19, 2021

**N Bhuvanewari**  
Vice-Chairperson & Managing Director  
(DIN: 00003741)

**N Brahmani**  
Executive Director  
(DIN:02338940)

# CEO & CFO Certification

(As per Regulation 17(8) of SEBI (LO&DR) Regulation, 2015)

To  
The Board of Directors,  
Heritage Foods Limited  
Hyderabad.

We, N Bhuvanewari, Vice-Chairperson and Managing Director and A Prabhakara Naidu, Chief Financial Officers of Heritage Foods Limited ("the Company") to the best of our knowledge and belief certify that

- a. We have reviewed the Financial Statements and the Cash Flow Statements for the financial year ended March 31, 2021 and based on our knowledge and belief, we state that:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of Company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated, based on our most recent evaluation, wherever applicable, to the auditors and the Audit Committee
  - i. Significant changes, if any, in the internal controls over financial reporting during the year;
  - ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For **HERITAGE FOODS LIMITED**

Place: Hyderabad  
Date: May 19, 2021

**N Bhuvanewari**  
Vice-Chairperson & Managing Director  
(DIN: 00003741)

**A. Prabhakara Naidu**  
Chief Financial Officer  
(M No: FCA 200974)

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

### Heritage Foods Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 28<sup>th</sup> October 2020.
2. We have examined the compliance of conditions of corporate governance by Heritage Foods Limited ('the Company') for the year ended on 31 March 2021, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

### Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2021.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### Restriction on use

8. This certificate is issued solely for the purpose of complying with therefore said regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.:207660  
UDIN: 21207660AAAADB7144

Place: Hyderabad  
Date: 19 May 2021

# Independent Auditor's Report

To the Members of **Heritage Foods Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of Heritage Foods Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on terms.</p> <p>Majority of the Company's sales arrangements are on a point of sale basis and requires little judgement to be exercised.</p>	<p>Our audit included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the revenue recognition accounting policies, including those relating to discounts in accordance with Ind AS 115 – Revenue from contracts with customers ('Ind AS 115').</li> <li>• Evaluated the integrity of the general information and technology control environment and tested the operating effectiveness of key IT application controls.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>Discounts are material and there are arrangements with varying terms based on schemes implemented throughout the year.</p> <p>There is a risk of revenue being overstated, resulting from pressure the management may feel to achieve performance targets at the reporting period end.</p> <p>Due to the materiality of amounts involved and above said considerations, revenue recognition from sale of goods is determined to be a key audit matter for the current year audit.</p> <p>Refer Note 3(d) to the Standalone Financial Statements – Summary of the significant accounting policies and Note 25 for the revenue recognized during the year.</p>	<ul style="list-style-type: none"> <li>• Evaluated the design and implementation of Company's controls in respect of revenue recognition, including discounts.</li> <li>• Performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included trip sheets, invoices, shipping documents and evidence of collection of receipts, as appropriate.</li> <li>• Performed substantive testing by selecting samples of discount transactions recorded during the year and comparing the parameters used in the calculation of the discounts with the relevant source documents (including invoices and schemes) to assess whether the methodology adopted in the calculation of the discounts was in accordance with the terms and conditions defined in the schemes.</li> <li>• Performed cut-off testing by selecting samples of revenue transactions recorded before and after the financial year end date by tracing to the relevant underlying documentation, to assess whether the revenue was recognized in the correct period.</li> <li>• Assessed manual journal entries posted to revenue to identify unusual items and tested such entries on a sample basis.</li> <li>• Evaluated appropriateness of disclosures made in the standalone financial statements in accordance with the requirements of Ind AS 115 and other applicable regulations.</li> </ul>

### Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

## Standalone

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
  - f) we have also audited the internal financial controls with reference to standalone financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 19 May 2021 as per Annexure B expressed unmodified opinion; and
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company, as detailed in note 43(b) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021;
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**

Partner

Membership No.: 207660

UDIN: 21207660AAAACY2569

Place: Hyderabad

Date: 19 May 2021

## Annexure A to the Independent Auditor's Report of even date to the members of Heritage Foods Limited on the standalone financial statements for the year ended 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
  - (b) The Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the Property, plant and equipment is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments and guarantees. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, goods and services tax, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
  - (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, goods and services tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

(₹ in millions)

Name of the statute	Nature of dues	Amount	Amount -Paid under Protest	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act, 1957	Purchase Tax	9.51	1.14	2001-02	The High Court of Judicature at Hyderabad for the State of Telangana
	Sales Tax/ VAT	4.69	-	2008-09	

Name of the statute	Nature of dues	Amount	Amount -Paid under Protest	Period to which the amount relates	Forum where dispute is pending
The Central Sales Tax Act, 1956	Sales Tax/VAT	1.59	1.59	2010-11	Joint Commissioner of commercial taxes (Appeals), Bangalore
	Sales Tax/ VAT	2.15	1.58	2011-12	
	Sales Tax/VAT	0.73	0.73	2012-13	
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry tax	0.41	0.10	2011-12	The High Court of Judicature at Hyderabad for the State of Telangana
	Entry tax	2.72	0.68	2012-13	
	Entry tax	3.82	0.95	2013-14	
	Entry tax	0.29	0.07	2014-15	
	Entry tax	0.41	0.10	2015-16	
	Entry tax	2.70	0.68	2016-17	
	Entry tax	0.02	0.01	2017-18	
Haryana Murrah Buffalo and other Milch Animal Breed Act, 2001	Milk cess	10.31	3.48	December 2014 to September 2019	The Supreme Court of India

- (viii) The Company has not defaulted in repayment of borrowings to any bank during the year. There are no loans or borrowings payable to financial institutions or government and no dues payable to debenture-holders.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**

Partner

Membership No.: 207660

UDIN: 21207660AAAACY2569

Place: Hyderabad

Date: 19 May 2021

## **Annexure B to the Independent Auditor's Report of even date to the members of Heritage Foods Limited on the standalone financial statements for the year ended 31 March 2021**

### **Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the standalone financial statements of Heritage Foods Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

### **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

### **Meaning of Internal Financial Controls with Reference to Standalone Financial Statements**

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

## **Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**

Partner

Membership No.: 207660

UDIN: 21207660AAAACY2569

Place: Hyderabad

Date: 19 May 2021

# Balance Sheet

as at 31 March 2021

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Notes	As at	
		31 March 2021	31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	6	5,300.50	4,265.06
(b) Capital work-in-progress		154.47	755.12
(c) Investment property	8	45.28	58.51
(d) Other intangible assets	7	38.67	61.13
(e) Intangible assets under development		24.13	15.81
(f) Investment in subsidiary, joint venture and associate	9	488.22	418.03
(g) Financial assets			
(i) Investments	10	2.85	1,441.37
(ii) Loans	16	51.65	50.79
(iii) Other financial assets	11	-	4.71
(h) Other non-current assets	12	20.97	29.09
<b>Total non-current assets</b>		<b>6,126.74</b>	<b>7,099.62</b>
<b>Current assets</b>			
(a) Inventories	13	1,885.01	1,363.68
(b) Financial assets			
(i) Investments	10	0.04	0.04
(ii) Trade receivables	14	145.33	210.95
(iii) Cash and cash equivalents	15(i)	196.64	533.23
(iv) Bank balances other than (iii) above	15(ii)	17.29	17.10
(v) Loans	16	36.64	28.19
(vi) Other financial assets	11	3.63	3.95
(c) Current tax assets (net)		22.99	12.32
(d) Other current assets	12	140.34	139.40
(e) Disposal group - Assets held for sale		5.63	210.02
<b>Total current assets</b>		<b>2,453.54</b>	<b>2,518.88</b>
<b>Total assets</b>		<b>8,580.28</b>	<b>9,618.50</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	17	231.99	231.99
(b) Other equity	18	5,705.65	4,391.32
<b>Total equity</b>		<b>5,937.64</b>	<b>4,623.31</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	260.71	1,601.31
(ii) Other financial liabilities	20	33.93	43.32
(b) Provisions	21	100.52	79.62
(c) Government grant		26.89	0.63
(d) Deferred tax liabilities (net)	22	237.69	229.22
<b>Total non-current liabilities</b>		<b>659.74</b>	<b>1,954.10</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	4.69	831.73
(ii) Trade payables	24		
- total outstanding dues of micro and small enterprises;		34.89	52.39
- total outstanding dues of creditors other than micro and small enterprises		292.88	516.13
(iii) Other financial liabilities	20	1,451.59	1,465.30
(b) Other current liabilities	23	73.85	65.39
(c) Government grant		0.23	0.14
(d) Provisions	21	124.77	110.01
<b>Total current liabilities</b>		<b>1,982.90</b>	<b>3,041.09</b>
<b>Total equity and liabilities</b>		<b>8,580.28</b>	<b>9,618.50</b>

The accompanying notes referred to above form an integral part of the standalone financial statements.

This is the Standalone Balance Sheet referred to in

our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
FRN No: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
M.No. 207660

Place : Hyderabad  
Date : 19 May 2021

For and on behalf of Board of Directors of  
**Heritage Foods Limited**

**N. Bhuvaneshwari**  
Vice Chairperson & Managing Director  
DIN : 00003741

**M Sambasiva Rao**  
President

Place : Hyderabad  
Date : 19 May 2021

**A Prabhakara Naidu**  
Chief Financial Officer  
M.No. FCA 200974

**N Brahmani**  
Executive Director  
DIN : 02338940

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

# Statement of Profit and Loss for the year ended 31 March 2021

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Notes	For the year ended	
		31 March 2021	31 March 2020
Revenue from operations	25	24,070.29	26,811.06
Other income	26	84.07	83.24
Gain due to changes in fair value of derivative liabilities		-	2,944.89
<b>Total income</b>		<b>24,154.36</b>	<b>29,839.19</b>
<b>Expenses</b>			
Cost of materials consumed	27	17,795.41	21,505.28
Purchase of Stock-in-Trade		557.07	605.35
Changes in inventories of finished goods, semi finished goods, stock-in-trade and work in-progress	28	(314.29)	(131.98)
Employee benefit expenses	29	1,703.88	1,495.68
Finance costs	30	178.48	208.07
Depreciation and amortisation expense	6, 7 & 8	440.54	480.36
Impairment losses	6, 7 & 9	42.67	7.42
Other expenses	31	1,740.62	1,999.71
Fair value loss on FVTPL securities	45	48.12	5,116.06
<b>Total expenses</b>		<b>22,192.50</b>	<b>31,285.95</b>
<b>Profit/(loss) before tax</b>		<b>1,961.86</b>	<b>(1,446.76)</b>
<b>Tax expense</b>	32		
Current tax expense		500.37	185.05
Deferred tax expense/(benefit)		9.85	(31.77)
<b>Profit/(loss) for the year</b>		<b>1,451.64</b>	<b>(1,600.04)</b>
<b>Other comprehensive income ("OCI")</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(i) Re-measurement loss on defined benefit plan, net of tax		(4.08)	(5.47)
(ii) Net loss on FVTOCI equity securities		(17.23)	(1,705.99)
<b>Total other comprehensive loss for the year</b>		<b>(21.31)</b>	<b>(1,711.46)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>1,430.33</b>	<b>(3,311.50)</b>
<b>Earnings per equity share [EPES] (in absolute ₹ terms)</b>	33		
Par value per equity share		5.00	5.00
Basic and Diluted EPES		31.29	(34.49)

The accompanying notes referred to above form an integral part of the standalone financial statements.

This is the Standalone Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
FRN No: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
M.No. 207660

Place : Hyderabad  
Date : 19 May 2021

For and on behalf of Board of Directors of  
**Heritage Foods Limited**

**N. Bhuvanewari**  
Vice Chairperson & Managing Director  
DIN : 00003741

**M Sambasiva Rao**  
President

Place : Hyderabad  
Date : 19 May 2021

**A Prabhakara Naidu**  
Chief Financial Officer  
M.No. FCA 200974

**N Brahmani**  
Executive Director  
DIN : 02338940

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

# Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Cash flow from operating activities</b>		
Profit/(loss) before tax	1,961.86	(1,446.76)
<b>Adjustments:</b>		
Fair value loss on FVTPL securities	48.12	5,116.06
Gain due to changes in fair value of derivative liabilities	-	(2,944.89)
Depreciation and amortization expense	440.54	480.36
Impairment losses	42.67	7.42
Provision for doubtful advances	0.31	-
Provision for doubtful debts	3.75	4.85
Advances written off	0.66	0.46
(Profit)/ Loss on sale of PPE	(17.96)	7.06
Provisions no longer required/ credit balances written back	(16.41)	(16.69)
Interest income	(1.76)	(3.37)
Interest expenses	171.33	200.28
Guarantee Income	(3.61)	(2.58)
Property, plant and equipment written off	6.18	-
Lease income	(13.55)	(17.40)
Dividend income on long term investments	-	(0.40)
<b>Operating profits before working capital changes</b>	<b>2,622.13</b>	<b>1,384.40</b>
<b>Movements in working capital:</b>		
Changes in inventories	(521.33)	(43.35)
Changes in trade receivables	61.87	183.88
Changes in loans	(9.31)	(11.58)
Changes in other assets	(1.37)	(28.25)
Changes in other financial assets	(0.03)	5.28
Changes in trade payables	(240.75)	(58.95)
Changes in provisions	30.20	32.65
Changes in government grant	(0.30)	(0.14)
Changes in other financial liabilities	214.70	(37.93)
Changes in other liabilities	(0.64)	9.75
<b>Cash generated from operating activities</b>	<b>2,155.17</b>	<b>1,435.76</b>
Income tax paid, net	(513.90)	(191.62)
<b>Net cash generated from operating activities (A)</b>	<b>1,641.27</b>	<b>1,244.14</b>
<b>Cash flow from investing activities</b>		
Purchase of PPE and other intangible assets, including CWIP and intangible assets under development	(911.15)	(1,029.72)
Proceeds from sale of PPE	262.99	35.29
(Purchase)/ Sale of investments held in equity instruments and government securities	1,363.71	(0.01)
Investment in a joint venture	(66.31)	-
Investment in a subsidiary	-	(75.00)

## Heritage Foods Limited

Receipts of government grants	26.65	-
Interest received	3.17	3.21
Movement in other bank balances, net	2.70	12.13
Rent received	13.19	16.69
Dividend income received	-	0.40
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>694.95</b>	<b>(1,037.01)</b>
<b>Cash flow from financing activities</b>		
Proceeds from long term borrowings	282.52	503.28
Repayments of long term borrowings	(1,797.03)	(369.96)
Interest paid	(172.89)	(199.00)
Lease rentals paid	(43.49)	(31.79)
Dividend paid including dividend distribution tax	(116.00)	(111.87)
<b>Net cash used in financing activities (C)</b>	<b>(1,846.89)</b>	<b>(209.34)</b>
<b>Net increase/(decrease) in cash and cash equivalents during the year (A + B + C)</b>	<b>489.33</b>	<b>(2.21)</b>
Cash and cash equivalents at the beginning of the year	(298.50)	(296.29)
<b>Cash and cash equivalents at the end of the year (Note 1)</b>	<b>190.83</b>	<b>(298.50)</b>
<b>Note 1:</b>		
<b>Cash and cash equivalents include:</b>		
Cash on hand (refer note 15(i))	33.03	35.85
Balances with banks in current accounts (refer note 15(i))	162.49	497.38
Loans repayable on demand from banks (refer note 19(b))	(4.69)	(831.73)
	<b>190.83</b>	<b>(298.50)</b>

This is the Standalone Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
FRN No: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
M.No. 207660

Place : Hyderabad  
Date : 19 May 2021

For and on behalf of Board of Directors of  
**Heritage Foods Limited**

**N. Bhuvanewari**  
Vice Chairperson & Managing Director  
DIN : 00003741

**M Sambasiva Rao**  
President

Place : Hyderabad  
Date : 19 May 2021

**A Prabhakara Naidu**  
Chief Financial Officer  
M.No. FCA 200974

**N Brahmani**  
Executive Director  
DIN : 02338940

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

# Statement of Change in Equity for the year ended 31 March 2021

(All amounts in ₹ millions, except share data and where otherwise stated)

## A. Equity Share Capital (refer note 17)

	Number of Shares	Amount
As at 1 April 2019	46,398,000	231.99
Changes during the year	-	-
As at 31 March 2020	46,398,000	231.99
Changes during the year	-	-
As at 31 March 2021	46,398,000	231.99

## B. Other equity (refer note 18)

	Capital reserve	Capital redemption reserve	Reserves and Surplus	OCI	Total			
			Securities premium	Warrants money appropriated	General reserve	Retained earnings	Changes in fair value of equity instruments	
Balance as at 1 April 2019	12.11	8.10	378.41	31.87	842.74	4,838.95	1,705.45	7,817.63
Impact on account of adoption of Ind AS 116	-	-	-	-	-	(2.94)	-	(2.94)
Loss for the year	-	-	-	-	-	(1,600.04)	-	(1,600.04)
Payment of dividend (₹2 per equity share)	-	-	-	-	-	(92.80)	-	(92.80)
Dividend distribution tax	-	-	-	-	-	(19.07)	-	(19.07)
Other comprehensive loss	-	-	-	-	-	(5.47)	(1,705.99)	(1,711.46)
Balance as at 31 March 2020	12.11	8.10	378.41	31.87	842.74	3,118.63	(0.54)	4,391.32
Profit for the year	-	-	-	-	-	1,451.64	-	1,451.64
Payment of dividend (₹2.5 per equity share) (refer note 34)	-	-	-	-	-	(116.00)	-	(116.00)
Transfer on disposal of equity instruments classified as FVTOCI	-	-	-	-	-	(17.15)	17.15	-
Other comprehensive loss	-	-	-	-	-	(4.08)	(17.23)	(21.31)
Balance as at 31 March 2021	12.11	8.10	378.41	31.87	842.74	4,433.04	(0.62)	5,705.65

This is the Standalone Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
FRN No: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
M.No. 207660

Place : Hyderabad  
Date : 19 May 2021

For and on behalf of Board of Directors of  
**Heritage Foods Limited**

**N. Bhuvaneshwari**  
Vice Chairperson & Managing Director  
DIN : 00003741

**M Sambasiva Rao**  
President

Place : Hyderabad  
Date : 19 May 2021

**N Brahmani**  
Executive Director  
DIN : 02338940

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

**A Prabhakara Naidu**  
Chief Financial Officer  
M.No. FCA 200974

## Summary of the significant accounting policies and other explanatory information

### 1. Corporate information

Heritage Foods Limited (“Heritage” or “the Company”) is one of the leading Indian dairy Company, headquartered and having its registered office at #6-3-541/C, Punjagutta, Hyderabad – 500082 Telangana, India. The Company operates through its two business divisions Dairy and Renewable Energy. The Company’s equity shares are listed and traded on the Indian Stock Exchanges viz., BSE Limited and the National Stock Exchange of India.

### 2. Basis of preparation of the standalone financial statements

These standalone financial statements as at and for the year ended 31 March 2021 comply in all material aspects with the Indian Accounting Standards (“Ind-AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time and guidelines issued by the Securities Exchange Board of India (“SEBI”).

These standalone financial statements have been prepared by the Company as a going concern on the basis of relevant Ind-AS that are effective or elected for early adoption at the Company’s annual reporting date, 31 March 2021. These standalone financial statements were authorised for issuance by the Company’s Board of Directors on 19 May 2021.

These standalone financial statements have been prepared on historical cost convention, except for the following material items:

- (a) Derivative financial instruments are measured at fair value.
- (b) Financial assets are measured at either at fair value or at amortised cost depending upon the classification.
- (c) Employee defined benefits assets / (liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligations.
- (d) Long-term borrowings are measured at amortised cost using the effective interest rate method.
- (e) Assets held for sale are measured at fair value less cost to sell; and
- (f) Right-of-use assets are recognised at present value of lease payments, that are not paid at that date, adjusted for any lease payments made at or before the commencement date, lease incentives received and initial direct cost incurred, if any.

The standalone financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest millions, except when otherwise indicated.

### 3. Summary of significant accounting policies

#### a. Current versus non-current classification

The Company presents assets and liabilities in the standalone balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### b. Foreign currencies

The Company’s standalone financial statements are presented in Indian Rupees (₹), which is also its functional currency.

Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transactions. Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the end of reporting period, are translated at the functional currency spot rate of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the standalone statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the standalone statement of profit and loss either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to long-term foreign currency monetary items.

### c. Fair value measurement

The Company measures financial instruments at fair value at each standalone balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use

when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest

valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **d. Revenue recognition**

The Company derives revenues primarily from sale of milk and dairy products. It is also engaged in generation of power and trading of dairy and food commodities.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Revenue is measured on the basis of contracted price, after deduction of any discounts and any taxes or duties collected on behalf of the Government such as goods and services tax, etc. Discounts are recognised in accordance with the schemes implemented by the Company. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products and services is recognised at the time when performance obligation is satisfied.

#### **Interest Income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included under other income in the standalone statement of profit and loss.

#### **Dividend Income**

Dividend income is recognized when the Company's right to receive dividend is established.

#### **e. Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

On receipt of grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the standalone statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying

value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

## f. Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax is recognised in the standalone statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is recognised in the standalone statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Dividend distribution tax (DDT)

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the standalone statement of changes in equity as part of the associated dividend payment.

The Finance Act 2020 has repealed the Dividend Distribution Tax. Companies are now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

## g. Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, the cost of replacing the part of plant and equipment and borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition and location for the intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the standalone statement of profit and loss as incurred. The present value of the expected cost for the

decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.

Depreciation is provided on the basis of straight line method at the useful life and in the manner prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, based on technical assessment made by technical expert and management estimate, useful life is different from than those described in Schedule II.

Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

- i) Plant and Machinery: Depreciation on Plant and Machinery is provided on the basis of straight-line method based on the useful life ranging from 1 to 30 years. Useful life of each asset is determined based on internal and external technical evaluation.
- ii) Furniture and Fixtures: Depreciation on Furniture and Fixtures is provided on the basis of straight-line method based on the useful life ranging from 1 to 15 years.
- iii) Office Equipment: Depreciation on Office Equipment is provided on the basis of straight-line method based on the useful life ranging from 1 to 20 years.
- iv) Vehicles: Depreciation on vehicles is provided on the basis of straight-line method based on the useful life ranging from 2 to 10 years.
- v) Buildings: Depreciation on buildings is provided on the basis of straight-line method based on the useful life ranging from 5 to 40 years.
- vi) Improvements to leasehold property: Depreciation on Improvements to leasehold property is provided over the period of lease.
- vii) Depreciation in respect of its Renewable Energy business is provided on straight line method and at rates/ methodology prescribed under the relevant Central Electricity Regulatory Commission (CERC) regulations.

The useful life provided for different asset classes under schedule II of the Companies Act, 2013 are as follows:

Asset class	Useful life (years)
Buildings	30
Plant and machinery	15
Furniture and Fixtures	10
Vehicles	8
Office Equipment	5

Depreciation on assets which are commissioned during the year is charged on pro-rata basis from the date of commissioning. The company depreciates general spares over the life of the spare from the date it is available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the standalone statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### h. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the standalone statement of profit and loss as incurred.

The Company depreciates building component of investment property over the useful life prescribed in Schedule II to the Act.

Though the Company measures investment property using cost based measurement, the fair value of the investment property is disclosed in the note 8 to the standalone financial statements.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the standalone statement of profit and loss in the period of de-recognition.

#### i. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the standalone statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on straight line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite life is recognised in the standalone statement of profit and loss.

The estimated useful life of intangible assets is mentioned below:

Asset	Useful life (years)
Brand	5
Non-compete	3
Procurement	5
Computer software	5
Distribution network	5

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the standalone statement of profit and

loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the standalone statement of profit and loss when the asset is derecognised.

#### j. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### k. Leases

Effective 1 April 2019, the Company adopted Ind AS 116, Leases, using the modified retrospective application method. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹67.49 and a lease liability of ₹71.41. The cumulative effect of applying the standard, amounting to ₹2.94 was debited to retained earnings, net of taxes.

#### The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring

the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the remeasurement of lease liability due to modification as an adjustment to the Right-of-use asset and Statement of Profit and Loss depending upon the nature of modification. Where the carrying amount of the Right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the remeasurement in the Statement of Profit and Loss.

### **The Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

#### **l. Assets held for sale**

Non-current assets and disposal group are classified as "Held for Sale" if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of "Held for Sale" is met when the non-current asset or the disposal group is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as "Held for Sale".

Non-current assets and disposal group held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets and disposal group that ceases to be classified as "Held for Sale" shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified as "Held for Sale" adjusted for any depreciation/ amortization and its recoverable amount at the date when the disposal group no longer meets the "Held for sale" criteria.

#### **m. Inventories**

All inventories except stores, spares, consumables and packaging material, are valued at lower of cost and net realisable value. Stores, spares and consumables and packing material held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

- **Raw material** - Cost has been ascertained on weighted average cost method.
- **Finished goods** - Cost has been ascertained on weighted average cost method.
- **Stores, spares and consumables** - Cost has been ascertained on FIFO basis.
- **Work in progress** - Cost has been ascertained on weighted average cost method basis.
- **Tradable goods** - Cost has been ascertained on moving weighted average basis.
- **Packaging material** - Cost has been ascertained on FIFO basis.

### Cost of inventories comprises of the following:

- Raw material, stores, spares, consumable stores and packaging material: Cost includes purchase price, import duties and other taxes excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition.
- Finished goods and work in progress: Cost comprises cost of direct material, direct labour and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs.
- Tradable goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### n. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the standalone statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

#### o. Provision and contingencies

##### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the standalone statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### Contingencies

Contingent liabilities are identified and disclosed with respect to following:

- a possible obligation that arises from past events and whose existence will be confirmed only by

the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

- a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are neither recognized nor disclosed, unless in flow of economic benefits is probable. However, when realization of income is virtually certain, related asset is recognized.

**p. Employee benefits**

**Short term benefits**

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

**Post-employment benefits and other long-term employee benefits**

**Provident Fund:** Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund administered by the Central Government under the Provident Fund Act, 1952, are charged to the standalone statement of profit and loss for the year in which the contributions are due. The company has no obligation, other than the contribution payable to the provident fund. If the contribution payable to the scheme for service received before the standalone balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the standalone balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment.

**Gratuity:** The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising mainly of actuarial gains and losses, are recognised immediately in the standalone balance sheet with a corresponding debit or credit to

retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the standalone statement of profit and loss in subsequent periods.

**Leave Encashment:** The Company operates a long-term leave encashment plan in India. Accrued liability for leave encashment including sick leave is determined on actuarial valuation basis using Projected Unit Credit (PUC) Method at the end of the year and provided completely in profit and loss account as per Ind AS - 19 “Employee Benefits”.

**q. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at FVTOCI and FVTPL

**Debt instruments at amortised cost**

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is

calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the standalone statement of profit and loss. The losses arising from impairment are recognised in the standalone statement of profit and loss.

### Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to standalone statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the standalone statement of profit and loss.

### Equity instruments

All equity investments in scope of IndAS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to standalone statement of profit and loss, even on sale of investment. However, the Company transfers the cumulative gain or loss within equity.

### De-recognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balances
- Financial guarantee contracts which are not measured as at FVTPL
- Lease receivables under Ind AS 116

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables that do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the standalone statement of profit and loss. This amount is reflected under the head 'other expenses' in the standalone statement of profit and loss. The standalone

balance sheet presentation for various financial instruments is described below:

- Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the standalone balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
- Financial guarantee contracts: ECL is presented as a provision in the standalone balance sheet, i.e. as a liability.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the standalone statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such

at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to the standalone statement of profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the standalone statement of profit and loss. The company has not designated any financial liability as at fair value through profit and loss.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the standalone statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the standalone statement of profit and loss.

This category generally applies to borrowings from banks.

### Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are

recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the standalone statement of profit and loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Derivative financial instrument - Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the standalone statement of profit and loss.

### r. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**s. Cash flow statement**

The standalone cash flow statement is prepared in accordance with the Indirect method. Standalone cash flow statement presents the cash flows by operating, financing and investing activities of the Company. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

**t. Cash and cash equivalents**

Cash and cash equivalent in the standalone balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the standalone cash flow statement, cash and cash equivalents consist of cash at banks and on hand and deposits, as defined above, net of outstanding loans repayable on demand from banks as they are considered an integral part of the Company's cash management.

**u. Cash dividends to equity holders**

The Company recognises a liability to make cash distributions to equity holders when the dividend distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding reduction is recognised directly in equity.

**v. Investments in subsidiary, joint venture and associate**

The Company has elected to recognise its investments in equity instruments in subsidiary, joint venture and associate at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

**w. Research and Development**

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient

resources to complete the development and to use or sell the asset. Otherwise, it is recognised in the Statement of Profit and Loss as incurred.

Subsequent to the initial recognition, the asset is measured at cost less accumulated amortisation and accumulated impairment losses, if any.

**4. Key accounting estimates, judgements and assumptions**

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

**a. Defined benefit plans and other long-term benefit plan**

The cost and present value of the defined benefit gratuity plan and leave encashment (other long-term benefit plan) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation and other long-term benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**b. Useful lives of depreciable and amortisable assets**

Management reviews the useful lives of depreciable and amortisable assets at each reporting date, based on the expected utility of the assets to the Company.

**c. Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the standalone balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques

including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

#### d. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives.

### 5. Standards and recent pronouncements issued but not yet effective

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021.

Key amendments relating to Division II which relate to companies whose standalone financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### Standalone Balance Sheet:

- a. Lease liabilities to be disclosed separately under the head 'financial liabilities', duly distinguished as current or non-current.
- b. Certain additional disclosures in the standalone statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- c. Specified format for disclosure of shareholding of promoters.
- d. Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- e. Disclosure of amounts borrowed and utilised for other than the specific purposes.
- f. Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### Standalone Statement of profit and loss:

- g. Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 6. Property, plant and equipment

	Land	Buildings	Leasehold improvements	Plant and Equipment	Furniture and fixtures	Freehold Office equipment	Leasehold Office equipment	Vehicles	Right-of-use assets	Total
<b>Gross Block</b>										
<b>Balance as at 31 March 2019</b>	<b>484.74</b>	<b>1,084.90</b>	<b>3.13</b>	<b>3,287.54</b>	<b>21.10</b>	<b>70.94</b>	<b>34.84</b>	<b>49.87</b>	-	<b>5,037.06</b>
Transition impact of Ind AS 116	-	-	-	-	-	-	(34.84)	-	102.33	67.49
Additions during the year	2.72	133.18	-	403.21	3.06	17.68	-	1.55	-	561.40
Disposals/transfers during the year (refer note (c) below)	52.83	75.86	-	275.58	1.03	11.72	-	-	-	417.02
<b>Balance as at 31 March 2020</b>	<b>434.63</b>	<b>1,142.22</b>	<b>3.13</b>	<b>3,415.17</b>	<b>23.13</b>	<b>76.90</b>	-	<b>51.42</b>	<b>102.33</b>	<b>5,248.93</b>
Additions during the year	-	480.07	-	976.24	5.01	19.24	-	3.31	17.01	1,500.88
Disposals/transfers during the year	1.66	(9.04)	-	105.11	0.55	3.67	-	0.34	-	102.29
<b>Balance as at 31 March 2021</b>	<b>432.97</b>	<b>1,631.33</b>	<b>3.13</b>	<b>4,286.30</b>	<b>27.59</b>	<b>92.47</b>	-	<b>54.39</b>	<b>119.34</b>	<b>6,647.52</b>
<b>Accumulated depreciation</b>										
<b>Up to 31 March 2019</b>	-	<b>96.85</b>	<b>0.30</b>	<b>507.30</b>	<b>5.90</b>	<b>10.15</b>	<b>11.98</b>	<b>16.63</b>	-	<b>649.11</b>
Transition impact of Ind AS 116	-	-	-	-	-	-	(11.98)	-	11.98	-
Depreciation charge for the year	-	47.61	0.15	336.14	3.10	14.31	-	7.23	29.41	437.95
Adjustment for disposals/transfers (refer note (c) below)	-	4.37	-	93.96	0.45	5.01	-	-	-	103.79
Impairment loss	-	-	-	0.12	-	0.48	-	-	-	0.60
<b>Up to 31 March 2020</b>	-	<b>140.09</b>	<b>0.45</b>	<b>749.60</b>	<b>8.55</b>	<b>19.93</b>	-	<b>23.86</b>	<b>41.39</b>	<b>983.87</b>
Depreciation charge for the year	-	49.25	0.15	309.40	3.05	14.53	-	6.83	38.18	421.39
Adjustment for disposals/transfers	-	2.20	-	71.24	0.38	2.33	-	0.28	-	76.43
Impairment loss	-	-	-	16.98	0.06	1.15	-	-	-	18.19
<b>Up to 31 March 2021</b>	-	<b>187.14</b>	<b>0.60</b>	<b>1,004.74</b>	<b>11.28</b>	<b>33.28</b>	-	<b>30.41</b>	<b>79.57</b>	<b>1,347.02</b>
<b>Net carrying value</b>										
<b>As at 31 March 2020</b>	<b>434.63</b>	<b>1,002.13</b>	<b>2.68</b>	<b>2,665.57</b>	<b>14.58</b>	<b>56.97</b>	-	<b>27.56</b>	<b>60.94</b>	<b>4,265.06</b>
<b>As at 31 March 2021</b>	<b>432.97</b>	<b>1,444.19</b>	<b>2.53</b>	<b>3,281.56</b>	<b>16.31</b>	<b>59.19</b>	-	<b>23.98</b>	<b>39.77</b>	<b>5,300.50</b>

#### Notes:

(a) For details of assets pledged as security, refer note 19(a) to 19(b).

(b) Borrowing cost capitalised during the year ended 31 March 2021 is ₹12.58 (31 March 2020: ₹5.82)

(c) Include transfers made to Disposal group - Assets held for sale and Investment property. Gross block and accumulated depreciation of such assets aggregates to ₹257.64 and ₹24.32 respectively.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 7 Other intangible assets

Particulars	Computer Software	Brand	Non compete	Procurement network	Distribution Network	Total
<b>Gross Block</b>						
As at 31 March 2019	49.70	74.55	32.18	43.20	50.25	249.88
Additions during the year	-	-	-	-	-	-
As at 31 March 2020	49.70	74.55	32.18	43.20	50.25	249.88
Additions during the year	14.35	-	-	-	-	14.35
As at 31 March 2021	64.05	74.55	32.18	43.20	50.25	264.23
<b>Accumulated amortization</b>						
Up to 31 March 2019	18.92	64.37	21.13	17.02	19.80	141.24
Amortization charge for the year	7.91	3.36	10.73	8.64	10.05	40.69
Impairment charge for the year	-	6.82	-	-	-	6.82
Up to 31 March 2020	26.83	74.55	31.86	25.66	29.85	188.75
Amortization charge for the year	8.14	-	0.32	4.15	5.17	17.78
Impairment charge for the year	-	-	-	9.12	9.91	19.03
Up to 31 March 2021	34.97	74.55	32.18	38.93	44.93	225.56
<b>Net carrying amount</b>						
As at 31 March 2020	22.87	-	0.32	17.54	20.40	61.13
As at 31 March 2021	29.08	-	-	4.27	5.32	38.67

### 8 Investment property

Particulars	Land	Building	Total
<b>Gross Block</b>			
As at 31 March 2019	-	41.05	41.05
Transfers during the year	23.30	-	23.30
As at 31 March 2020	23.30	41.05	64.35
Transfers during the year	-	(14.38)	(14.38)
As at 31 March 2021	23.30	26.67	49.97
<b>Accumulated depreciation</b>			
Up to 31 March 2019	-	4.12	4.12
Depreciation charge for the year	-	1.72	1.72
Up to 31 March 2020	-	5.84	5.84
Depreciation charge for the year	-	1.37	1.37
Transfers during the year	-	(2.52)	(2.52)
Up to 31 March 2021	-	4.69	4.69
<b>Net carrying amount</b>			
As at 31 March 2020	23.30	35.21	58.51
As at 31 March 2021	23.30	21.98	45.28

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

(a) Information of net income derived from Investment property	For the year ended	
	31 March 2021	31 March 2020
Lease rental income	11.85	15.40
Less: Depreciation	1.37	1.72
<b>Net income derived from Investment property</b>	<b>10.48</b>	<b>13.68</b>

(b) Description of valuation technique and key assumptions used	As at	As at
	31 March 2021	31 March 2020
Valuation technique: Discounted Cash Flow ("DCF") method		
Estimated rental value per square feet per month (in absolute ₹ terms)	18	18
Rental growth per annum	5%	5%
Discount rate	9.50%	9.50%

(c) Changes in fair value of Investment property is shown below:	Amount
	<b>Fair value as on 31 March 2019</b>
Transferred from Property, plant and equipment during the year	23.30
<b>Fair value as on 31 March 2020</b>	<b>345.48</b>
Transferred to Property, plant and equipment during the year	(34.50)
Increase in fair value of existing Investment property	36.70
<b>Fair value as on 31 March 2021</b>	<b>347.68</b>

### Notes:

- Fair value of investment properties as on 31 March 2019 is based on valuation technique and key assumptions stated in note 8(b).
- Fair value of an investment property transferred during 2019-20 is reflected based on a valuation report by an independent valuer.

## 9 Investment in subsidiary, joint venture and associate

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Unquoted</b>		
<b>Investment in a subsidiary</b>		
3,709,464 (31 March 2020: 3,709,464) equity shares of ₹10 each fully paid held in Heritage Nutrivet Limited	323.52	322.52
	<b>323.52</b>	<b>322.52</b>
<b>Investment in an associate</b>		
650,000 (31 March 2020: 650,000) equity shares of ₹10 each fully paid held in SKIL Raigam Power (India) Limited	6.50	6.50
Less: Impairment of investment	6.50	1.05
	-	5.45
<b>Investment in a joint venture</b>		
3,485,579 (31 March 2020: 2,280,299) equity shares of ₹10 each fully paid held in Heritage Novandie Foods Private Limited	164.70	90.06
	<b>164.70</b>	<b>90.06</b>
	<b>488.22</b>	<b>418.03</b>
Aggregate amount of unquoted investments	488.22	418.03
Aggregate amount of impairment in value of investments	6.50	1.05

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 10 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non current</b>		
<b>Investments at fair value through other comprehensive income ("FVTOCI")</b>		
<b>Investments in equity instruments</b>		
117 quoted equity shares of ₹10 each fully paid held in Union Bank of India Limited (refer note (a) below)	0.00	0.00
1,740 (31 March 2020: 1,740) quoted equity shares of ₹2 each fully paid held in Bank of Baroda Limited	0.13	0.09
Nil (31 March 2020: 4,462,855) quoted equity shares of ₹2 each fully paid held in Future Retail Limited ("FRL") (refer note 45)	-	349.44
Nil (31 March 2020: 223,093) quoted equity shares of ₹5 each fully paid held in Praxis Home Retail Limited (refer note 45)	-	10.29
200,000 (31 March 2020: 200,000) unquoted equity shares of ₹10 each fully paid held in Heritage Finlease Limited	2.60	2.60
	<b>2.73</b>	<b>362.42</b>
<b>Investments at fair value through profit or loss ("FVTPL")</b>		
<b>Investments in equity instruments</b>		
Nil (31 March 2020: 13,384,565) quoted equity shares of ₹2 each fully paid held in Future Retail Limited (refer note 45)	-	1,048.01
Nil (31 March 2020: 669,278) quoted equity shares of ₹5 each fully paid held in Praxis Home Retail Limited (refer note 45)	-	30.82
	-	<b>1,078.83</b>
<b>Investments at amortized cost</b>		
Investments in government securities	0.12	0.12
	<b>0.12</b>	<b>0.12</b>
	<b>2.85</b>	<b>1,441.37</b>
Aggregate market value of quoted investments	0.13	1,438.65
Aggregate value of unquoted investments	2.72	2.72
<b>Note:</b>		
(a) The Company was allotted 117 fully paid equity shares in Union Bank of India Limited pursuant to its holding of 363 equity shares held in Andhra Bank Limited. Andhra Bank Limited was merged with the Union Bank of India Limited with effect from 1 April 2020.		
<b>Current</b>		
<b>Investments at amortized cost</b>		
Investments in government securities	0.04	0.04
	<b>0.04</b>	<b>0.04</b>
Aggregate market value of quoted investments	-	-
Aggregate value of unquoted investments	0.04	0.04

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 11 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
<b>Unsecured, Considered good</b>		
Interest accrued but not due on bank deposits	-	0.70
Earmarked balances with banks	-	2.14
Margin money deposits with banks	-	1.87
	-	<b>4.71</b>
<b>Current</b>		
<b>Unsecured, Considered good</b>		
Interest accrued but not due on bank deposits	0.62	1.33
Rent receivable	2.98	2.62
Others	0.03	-
	<b>3.63</b>	<b>3.95</b>

### 12 Other assets

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
<b>Unsecured, Considered good</b>		
Capital advances	20.15	28.39
Prepaid expenses	0.82	0.70
	<b>20.97</b>	<b>29.09</b>
<b>Unsecured, Considered doubtful</b>		
Capital advances	2.52	2.52
Less: Allowance for doubtful capital advances	2.52	2.52
	-	-
	<b>20.97</b>	<b>29.09</b>
<b>Current</b>		
<b>Unsecured, Considered good</b>		
Balance with Statutory authorities	19.49	17.12
Prepaid expenses	54.15	30.63
Advances to suppliers and others	66.70	91.65
	<b>140.34</b>	<b>139.40</b>
<b>Unsecured, Considered doubtful</b>		
Other advances	6.97	6.97
Less: Provision for doubtful advances	6.97	6.97
	-	-
	<b>140.34</b>	<b>139.40</b>

No advances are due from directors or other officers of the Company either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 41 for dues from related parties.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 13 Inventories

Particulars	As at 31 March 2021	As at 31 March 2020
(at lower of cost or net realisable value)		
Raw materials (including goods in transit of ₹2.08 (31 March 2020: ₹70.87))	697.22	498.43
Work-in-progress	5.41	5.08
Semi finished goods	398.41	95.56
Finished goods	648.64	649.30
Stock-in-trade	28.36	16.59
Packing materials	73.22	68.48
Stores, spares and consumables	33.75	30.24
	<b>1,885.01</b>	<b>1,363.68</b>

### 14 Trade receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good	145.36	210.99
Unsecured, significant increase in credit risk	11.41	9.77
	<b>156.77</b>	<b>220.76</b>
Less: Allowance for trade receivables with significant increase in credit risk	11.41	9.77
Less: Expected credit loss	0.03	0.04
	<b>145.33</b>	<b>210.95</b>

The movement in the allowance for trade receivables with significant increase in the credit risk and expected credit loss for the year ended 31 March 2021 and 31 March 2020 is as follows:

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Opening balance at beginning of the year</b>	<b>9.81</b>	<b>7.09</b>
Provision made during the year	3.75	4.85
Bad debts written off during the year	<b>2.12</b>	<b>2.13</b>
<b>Closing balance at end of the year</b>	<b>11.44</b>	<b>9.81</b>

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 41 for dues from related parties.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 15 Cash and Bank Balances

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Cash and cash equivalents</b>		
Balances with banks in current accounts	162.49	497.38
Cash on hand	33.03	35.85
Restricted Cash	1.12	-
	<b>196.64</b>	<b>533.23</b>
<b>(ii) Other bank balances</b>		
Earmarked balances with banks		
Unpaid dividend	14.17	14.64
Other deposits	-	0.05
Margin money deposits with banks	3.12	2.41
	<b>17.29</b>	<b>17.10</b>

### 16 Loans

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non Current</b>		
<b>Unsecured, considered good</b>		
Security deposits	51.65	50.79
	<b>51.65</b>	<b>50.79</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Loans to employees	0.81	0.21
Loans to others	18.73	8.84
Security deposits	17.10	19.14
	<b>36.64</b>	<b>28.19</b>
<b>Unsecured, considered doubtful</b>		
Loans to others	0.58	1.04
Less: Allowance for doubtful loans	0.58	1.04
	-	-
	<b>36.64</b>	<b>28.19</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 17 Equity share capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
<b>i. Authorised share capital</b>				
Equity shares of ₹5 each	96,000,000	480.00	96,000,000	480.00
Preference shares of ₹10 each	2,000,000	20.00	2,000,000	20.00
		<b>500.00</b>		<b>500.00</b>
<b>ii. Issued, subscribed and fully paid up</b>				
Equity shares of ₹5 each	46,398,000	231.99	46,398,000	231.99
	<b>46,398,000</b>	<b>231.99</b>	<b>46,398,000</b>	<b>231.99</b>
<b>iii. Reconciliation of number of equity shares outstanding at the beginning and end of the year</b>				
<b>Equity shares</b>				
At the beginning of the year	46,398,000	231.99	46,398,000	231.99
Changes during the year	-	-	-	-
<b>At the end of the year</b>	<b>46,398,000</b>	<b>231.99</b>	<b>46,398,000</b>	<b>231.99</b>

#### iv. Rights, preferences and restrictions attached to equity shares

The Company has only one class of issued, subscribed and paid up equity shares having a par value of ₹5 each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

#### v. Details of shareholders holding more than 5% equity shares in the Company

Name of the equity shareholders	As at 31 March 2021		As at 31 March 2020	
	Number	% holding	Number	% holding
N Bhuvaneswari	10,661,652	22.98%	10,661,652	22.98%
Nirvana Holdings Private Limited	5,145,684	11.09%	5,145,684	11.09%
Nara Lokesh	4,732,800	10.20%	4,732,800	10.20%
Megabid Finance & Investment Private Limited	2,447,600	5.28%	2,447,600	5.28%

vi. The Company has not issued any equity shares pursuant to contract without payment being received in cash or by way of bonus shares or bought back any equity shares during the last five years preceding the balance sheet date.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 18 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Reserves and Surplus</b>		
Capital reserve	12.11	12.11
Capital redemption reserve	8.10	8.10
Securities premium	378.41	378.41
Warrants money appropriated	31.87	31.87
General reserve	842.74	842.74
Retained earnings	4,433.04	3,118.63
	<b>5,706.27</b>	<b>4,391.86</b>
<b>Item of OCI</b>		
Changes in fair value of equity instruments	(0.62)	(0.54)
	<b>(0.62)</b>	<b>(0.54)</b>
	<b>5,705.65</b>	<b>4,391.32</b>

#### Nature and purpose of reserves

##### Securities premium

The amount received in excess of face value of the equity shares is recognised in the securities premium. This reserve will be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013 ("the Act").

##### Capital reserve

The excess of net assets taken, over the consideration paid, as part of the business combinations have been recorded under the capital reserve during the earlier years.

##### Capital redemption reserve

Capital redemption reserve was created on buy back of equity shares in the earlier years. The Company uses capital redemption reserve in accordance with the provisions of the Act.

##### Warrants money appropriated

Warrants money appropriated represents forfeiture of share application money made during the earlier years.

##### General reserve

The reserve has arisen on transfer of a portion of the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Act.

##### Changes in fair value of equity instruments

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at FVTOCI, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

##### Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to the shareholders.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 19 Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
<b>Secured</b>		
Term loans from banks (refer note a)	223.23	1,547.85
Deferred payment liabilities	37.48	53.46
	<b>260.71</b>	<b>1,601.31</b>
<b>Current</b>		
<b>Secured</b>		
Loans repayable on demand from banks (refer note b)	4.69	581.73
	<b>4.69</b>	<b>581.73</b>
<b>Unsecured</b>		
Loans repayable on demand from banks (refer note b)	-	250.00
	-	250.00
	<b>4.69</b>	<b>831.73</b>

(i) Reconciliation of liabilities arising from financial activities*	For the year ended	
	31 March 2021	31 March 2020
Balance at beginning of the year	1,954.97	1,831.55
Reclassified on transition to Ind AS 116	-	(22.74)
Proceeds from long term borrowings	282.52	503.28
Repayments of long term borrowings	(1,771.93)	(357.12)
<b>Balance at end of the year</b>	<b>465.56</b>	<b>1,954.97</b>
*Includes only current and non-current portions of term loans from banks.		

(ii) Reconciliation of interest accrued but not due on term loans from banks	For the year ended	
	31 March 2021	31 March 2020
Balance at beginning of the year	13.32	9.37
Interest expense for the year	143.40	168.21
Interest paid during the year	153.35	164.25
<b>Balance at end of the year</b>	<b>3.37</b>	<b>13.32</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 19 (a) Terms and conditions of term loans from banks

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2021	31 March 2020			
1	Union Bank of India (earlier "Andhra Bank")	-	19.79	One year MCLR +0.45% per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
2	Union Bank of India (earlier "Andhra Bank")	-	47.09	One year MCLR +0.50% per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
3	Bank of Baroda	-	132.45	One year MCLR +0.35% per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
4	Bank of Baroda	-	123.95	One year MCLR + premium +0.40% per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
5	Bank of Baroda	-	63.25	One year MCLR + premium +0.40% per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
6	HDFC Bank	-	75.92	One year MCLR per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
7	HDFC Bank	-	58.19	One year MCLR per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
8	HDFC Bank	-	100.89	One year MCLR per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
9	HDFC Bank	-	49.90	One year MCLR +0.15% per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
10	HDFC Bank	77.35	180.35	One year MCLR +0.50% per annum	Repayable in 24 quarterly installments commenced from March 2020 and ending in December 2025. The Company has prepaid the entire outstanding borrowing in April 2021.	Subservient charge on movable fixed assets of the Company.
11	HDFC Bank	107.94	85.77	One year MCLR +0.50% per annum	Repayable in 24 quarterly installments commenced from December 2020 and ending in September 2026. The Company has prepaid the entire outstanding borrowing in April 2021.	- First pari passu charge on entire fixed assets of the Company. - Second pari passu charge on current assets of the Company.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2021	31 March 2020			
12	Kotak Mahindra Bank	-	232.97	One year MCLR + spread per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
13	Kotak Mahindra Bank	-	124.37	One year MCLR + spread per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
14	Kotak Mahindra Bank	50.89	-	One year MCLR + spread per annum	The loan has been swapped with Yes Bank during the year ended 31 March 2021. Repayable in 16 quarterly installments commenced from September 2020 and ending in June 2024.	-Exclusive charge on assets financed by the loan taken.
15	Kotak Mahindra Bank	229.38	-	One year MCLR + spread per annum	The loan has been swapped with Yes Bank during the year ended 31 March 2021. Repayable in 24 quarterly installments commenced from November 2020 and ending in August 2026.	-Exclusive charge on assets financed by the loan taken.
16	Yes Bank	-	67.03	One year MCLR per annum	Repayable in 24 quarterly installments commenced from September 2018 and ending in June 2024. The loan has been swapped with Kotak Bank during the year ended 31 March 2021.	-Exclusive charge on assets financed by the loan taken.
17	Yes Bank	-	94.35	One year MCLR per annum	Repayable in 24 quarterly installments commenced from November 2020 and ending in August 2026. The loan has been swapped with Kotak Bank during the year ended 31 March 2021.	-Exclusive charge on assets financed by the loan taken.
18	ICICI Bank	-	152.78	One year IMCLR + spread per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
19	ICICI Bank	-	69.53	One year IMCLR + spread per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
20	ICICI Bank	-	44.81	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2021	31 March 2020			
21	ICICI Bank	-	40.24	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
22	ICICI Bank	-	43.14	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
23	ICICI Bank	-	148.20	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
		<b>465.56</b>	<b>1,954.97</b>			

\*Including current maturities of term loans from banks.

### 19 (b) Terms and conditions of loans repayable on demand from banks

S. No	Name	Outstanding balance as on		Interest rate (%)	Repayment terms	Type of security
		31 March 2021	31 March 2020			
1	Bank of Baroda	-	223.98	One year MCLR + 0.4% per annum	Repayable on demand	First pari passu charge on current assets and second pari passu charge on fixed assets of the Company, excluding project specific assets.
2	Union Bank of India (earlier "Andhra Bank")	-	155.97	One year MCLR + 0.6% per annum	Repayable on demand	First pari passu charge on current assets and second pari passu charge on fixed assets of the Company, excluding project specific assets.
3	ICICI Bank	4.69	201.78	Six months IMCLR + spread per annum	Repayable on demand	First pari passu charge on current assets and second pari passu charge on fixed assets of the Company, excluding project specific assets.
4	HDFC Bank	-	250.00	Six months MCLR per annum	The loan has been repaid during the year ended March 2021.	Unsecured loan given by the bank.
		<b>4.69</b>	<b>831.73</b>			

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 20 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Lease liabilities (refer note 44)	22.36	36.09
Financial guarantee (refer note (i) below)	11.57	7.23
	<b>33.93</b>	<b>43.32</b>
<b>Current</b>		
Current maturities of deferred payment liabilities	15.99	12.87
Current maturities of term loans from banks	242.33	407.12
Current maturities of financial guarantee (refer note (i) below)	3.62	2.24
Interest accrued but not due on borrowings	3.37	13.32
Freight payable	116.72	103.04
Capital creditors	183.85	209.27
Employee related payables	335.82	144.37
Security deposits	309.88	302.31
Unpaid dividend	14.17	14.64
Lease liabilities (refer note 44)	22.51	29.40
Other payables	203.33	226.72
	<b>1,451.59</b>	<b>1,465.30</b>

#### Note:

- (i) The Company has outstanding guarantees given to bankers towards loans availed by its wholly owned subsidiary i.e. Heritage Nutrivet Limited and its joint venture i.e. Heritage Novandie Foods Private Limited. The carrying amount of such financial guarantees as at 31 March 2021 is ₹15.19 (31 March 2020: ₹9.47). Amount outstanding to bankers by Heritage Nutrivet Limited and Heritage Novandie Foods Private Limited as at 31 March 2021 is ₹265.15 (31 March 2020: ₹261.38).

### 21 Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Compensated absences	100.52	79.62
	<b>100.52</b>	<b>79.62</b>
<b>Current</b>		
Gratuity (refer note a below)	2.06	5.33
Compensated absences	122.71	104.68
	<b>124.77</b>	<b>110.01</b>

#### (a) Gratuity

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit in accordance with the Payment of Gratuity Act, 1972.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

(i) Change in projected benefit obligation	As at	As at
	31 March 2021	31 March 2020
Projected benefit obligation at the beginning of the year	113.68	89.88
Service cost	14.61	11.73
Interest cost	6.71	6.18
Actuarial loss	5.40	9.07
Benefits paid	(3.82)	(3.18)
<b>Projected benefit obligation at the end of the year</b>	<b>136.58</b>	<b>113.68</b>
(ii) Change in fair value of plan assets	As at	As at
	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the year	108.35	79.48
Interest income	7.09	6.29
Contribution made	22.95	24.01
Actuarial gain/(loss)	(0.05)	1.75
Benefits paid	(3.82)	(3.18)
<b>Fair value of plan assets at the end of the year</b>	<b>134.52</b>	<b>108.35</b>
(iii) Reconciliation of present value of projected benefit obligation and fair value of plan assets	As at	As at
	31 March 2021	31 March 2020
Present value of projected benefit obligation	136.58	113.68
Funded status of plan assets	134.52	108.35
<b>Net liability recognised in the balance sheet</b>	<b>2.06</b>	<b>5.33</b>
(iv) Expense recognized in the Statement of Profit and Loss	For the year ended	
	31 March 2021	31 March 2020
Interest cost	6.71	6.18
Service cost	14.61	11.73
Interest income	(7.09)	(6.29)
	<b>14.23</b>	<b>11.62</b>
(v) Expense recognized in OCI	For the year ended	
	31 March 2021	31 March 2020
Actuarial loss, net	5.45	7.32
	<b>5.45</b>	<b>7.32</b>
(vi) Key actuarial assumptions	As at	As at
	31 March 2021	31 March 2020
Discount rate	5.90%	6.00%
Salary escalation rate	8.00%	8.00%
Attrition rate	15.00%	15.00%

### (vii) Sensitivity analysis

Reasonably possible changes as at 31 March 2021 to one of the relevant actuarial assumptions, holding other assumptions constant, can affect the defined benefit obligation by the amounts shown below.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	As at 31 March 2021	
	Increase	Decrease
Discount rate (1% movement)	(6.37)	7.06
Salary escalation rate (1% movement)	6.52	(6.05)
Attrition rate (1% movement)	(0.92)	0.99

(viii) The Company expects to contribute ₹2.06 as its contribution to gratuity within one year from the year ended 31 March 2021.

(ix) Maturity analysis of Gratuity as on 31 March 2021 is as follows:	Amount
Within one year	26.22
2 to 5 years	84.60
More than 5 years	111.49
	<b>222.31</b>

## 22 Deferred tax liabilities (net)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Deferred tax liabilities arising on account of:</b>		
Borrowings measured at amortised cost	0.81	1.63
Right-of-use assets	0.23	-
Property, Plant and Equipment ("PPE")	303.05	285.34
	<b>304.09</b>	<b>286.97</b>
<b>Deferred tax assets arising on account of:</b>		
Provision for trade receivables and advances	(5.41)	(4.75)
Provision for employee benefits	(60.37)	(51.39)
Revaluation of investments at FVTOCI to fair value	(0.62)	(0.62)
Lease liabilities	-	(0.99)
	<b>(66.40)</b>	<b>(57.75)</b>
	<b>237.69</b>	<b>229.22</b>

### Movement in deferred tax liabilities, net

Particulars	Borrowings	Property, plant and equipment	Provision for employee benefits	MAT credit	Others	Total
<b>As at 31 March 2019</b>	<b>3.97</b>	<b>334.74</b>	<b>(54.12)</b>	<b>(9.52)</b>	<b>(6.81)</b>	<b>268.26</b>
Transition impact of Ind AS 116	-	-	-	-	(0.99)	(0.99)
Adjustment on account of change in tax provision of the earlier year	-	-	-	(4.43)	-	(4.43)
Charged						
- to Statement of Profit and Loss	(2.34)	(49.40)	4.58	13.95	1.44	(31.77)
- to OCI	-	-	(1.85)	-	-	(1.85)
<b>As at 31 March 2020</b>	<b>1.63</b>	<b>285.34</b>	<b>(51.39)</b>	<b>-</b>	<b>(6.36)</b>	<b>229.22</b>
Charged						
- to Statement of Profit and Loss	(0.82)	17.71	(7.60)	-	0.56	9.85
- to OCI	-	-	(1.38)	-	-	(1.38)
<b>As at 31 March 2021</b>	<b>0.81</b>	<b>303.05</b>	<b>(60.37)</b>	<b>-</b>	<b>(5.80)</b>	<b>237.69</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 23 Other liabilities

Particulars	As at	
	31 March 2021	31 March 2020
<b>Current</b>		
Advances from customers	27.89	25.96
Capital advances	9.10	-
Statutory dues payable	36.86	39.43
	<b>73.85</b>	<b>65.39</b>

### 24 Trade payables

Particulars	As at	
	31 March 2021	31 March 2020
Total outstanding dues of micro and small enterprises (refer note 47)	34.89	52.39
Total outstanding dues of creditors other than micro and small enterprises	292.88	516.13
	<b>327.77</b>	<b>568.52</b>

### 25 Revenue from operations

Particulars	For the year ended	
	31 March 2021	31 March 2020
Sale of products	24,049.41	26,788.61
Sale of services	18.46	7.32
Other operating income		
- Sale of renewable energy certificates	0.52	7.09
- Scrap sales and others	1.90	8.04
	<b>24,070.29</b>	<b>26,811.06</b>

#### (i) Reconciliation of revenue from sale of products with the contracted price

Particulars	For the year ended	
	31 March 2021	31 March 2020
Revenue as per contracted price	25,059.63	27,768.12
<b>Adjusted for:</b>		
Discounts	(1,000.64)	(977.38)
Sales returns	(9.58)	(2.13)
<b>Total revenue from contracts with customers</b>	<b>24,049.41</b>	<b>26,788.61</b>

#### (ii) Revenue disaggregation geography wise is as follows:

Particulars	For the year ended	
	31 March 2021	31 March 2020
India	24,070.29	26,703.98
Other than India	-	107.08
	<b>24,070.29</b>	<b>26,811.06</b>

#### Notes:

- A receivable is a right to consideration that is unconditional upon passage of time. The Company sells goods on cash on delivery payment terms. In case of customers where credit is allowed, the same is disclosed under note 14 to the standalone financial statements.
- The Company has no single customer from whom the revenue is more than 10% of the revenue from operations for the year ended 31 March 2021 and 31 March 2020.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 26 Other income

Particulars	For the year ended	
	31 March 2021	31 March 2020
Interest income		
- Bank and other deposits	1.68	3.37
- Others	0.08	-
- Guarantee income	3.61	2.58
Dividend income on long term investments	-	0.40
Subsidy transferred from deferred government grant (under capital subsidy scheme)	0.49	0.14
Lease rental income	13.55	17.40
Provisions no longer required/ credit balances written back	16.41	16.69
Gain on foreign exchange fluctuations, net	0.63	2.42
Gain on sale of Property, plant and equipment (net)	17.96	-
Other non operating income	29.66	40.24
	<b>84.07</b>	<b>83.24</b>

### 27 Cost of materials consumed

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Raw Material*</b>		
Opening stock	498.43	587.10
Add: Purchases during the year	17,318.09	20,601.21
Less: Closing stock	697.22	498.43
	<b>17,119.30</b>	<b>20,689.88</b>
<b>Packing Material*</b>		
Opening stock	68.48	67.94
Add: Purchases during the year	680.85	815.94
Less: Closing stock	73.22	68.48
	<b>676.11</b>	<b>815.40</b>
	<b>17,795.41</b>	<b>21,505.28</b>

\*Disclosed based on derived figures, rather than actual records of issue.

### 28 Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended	
	31 March 2021	31 March 2020
Opening balance		
- Finished goods	649.30	465.67
- Semi finished goods	95.56	142.96
- Work-in-progress	5.08	10.64
- Stock-in-trade	16.59	15.28
	<b>766.53</b>	<b>634.55</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended	
	31 March 2021	31 March 2020
Closing balance		
- Finished goods	648.64	649.30
- Semi finished goods	398.41	95.56
- Work-in-progress	5.41	5.08
- Stock-in-trade	28.36	16.59
	<b>1,080.82</b>	<b>766.53</b>
	<b>(314.29)</b>	<b>(131.98)</b>

### 29 Employee benefit expenses

Particulars	For the year ended	
	31 March 2021	31 March 2020
Salaries and wages	1,509.32	1,306.09
Contribution to provident and other funds (refer note a below)	68.10	67.80
Gratuity expense (refer note 21(a)(iv))	14.23	11.62
Compensated absences expense	71.27	74.43
Staff welfare expenses	40.96	35.74
	<b>1,703.88</b>	<b>1,495.68</b>

(a) The amount recognized as an expense towards contribution to provident fund and employee state insurance schemes for the year ended 31 March 2021 amounts to ₹68.10 (31 March 2020: ₹67.80).

### 30 Finance costs

Particulars	For the year ended	
	31 March 2021	31 March 2020
Interest on borrowings calculated using effective interest method	162.60	197.14
Interest on income tax	2.87	0.26
Interest on lease liabilities (refer note 44)	5.86	3.14
Other borrowing costs	7.15	7.53
	<b>178.48</b>	<b>208.07</b>

### 31 Other expenses

Particulars	For the year ended	
	31 March 2021	31 March 2020
Consumption of stores, spares and consumables	199.87	225.40
Power and fuel	331.97	348.70
Rent	19.98	30.70
Repairs and maintenance		
- Buildings	6.01	10.70
- Plant and equipment	25.92	30.91
- Others	55.77	57.80
Insurance	20.59	15.36

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended	
	31 March 2021	31 March 2020
Electricity charges	9.18	10.56
Rates and taxes, excluding taxes on income	22.63	31.40
Freight outwards	632.86	768.74
Communication	18.46	18.40
Office maintenance	5.97	5.98
Travelling and conveyance	23.49	47.86
Legal and professional fees	126.96	120.29
Loss on sale of Property, plant and equipment (net)	-	7.06
Property, plant and equipment written off	6.18	-
Payment to auditors (refer note (i) below)	8.09	7.68
Corporate social responsibility (CSR) expenditure (refer note (ii) below)	20.64	22.28
Selling and distribution expenses	91.96	139.74
Provision for doubtful advances	0.31	-
Advances written off	0.66	0.46
Provision towards doubtful debts	3.75	4.85
Bank charges	14.25	14.78
Advertisement expenses	8.23	1.44
Security charges	50.46	46.19
Printing and stationery	8.15	9.72
Miscellaneous expenses	28.28	22.71
	<b>1,740.62</b>	<b>1,999.71</b>

### (i) Details of payments to auditors :

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>As auditor:</b>		
- Statutory audit fee	4.76	4.53
- Tax audit fee	0.82	0.78
- Limited review fee	2.04	1.95
<b>In other capacities:</b>		
- Taxation matters	0.17	0.13
- Certification fees	0.29	0.13
- Reimbursement of expenses	0.01	0.16
	<b>8.09</b>	<b>7.68</b>

### (ii) Details of CSR expenditure :

Particulars	For the year ended	
	31 March 2021	31 March 2020
(a) Gross amount required to be spent during the year	20.64	22.28
(b) Amount spent during the year	20.64	22.28

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 32 Income tax expense

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>(a) Income tax expense reported in the Statement of Profit and Loss</b>		
<b>Tax expense comprises of:</b>		
Current tax expense	500.37	185.05
Deferred tax expense/(benefit)	9.85	(31.77)
	<b>510.22</b>	<b>153.28</b>

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.168% (31 March 2020: 25.168%) and the reported tax expense in the Standalone Statement of Profit and Loss is as follows:

#### Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Profit/(loss) before tax</b>	1,961.86	(1,446.76)
Expected tax expense at the Indian tax rate 25.168% (31 March 2020: 25.168%)	493.76	(364.12)
<b>Tax effect of amounts which are not deductible/taxable in calculating taxable income:</b>		
Effect of deductions allowed under Chapter VI-A of the Income Tax Act, 1961 ("IT Act, 1961)	(4.86)	(7.29)
Effect of expenses not deductible under the IT Act, 1961	18.03	1,295.57
Effect of income not subject to tax under the IT Act, 1961	(0.91)	(741.82)
Effect on adoption of Taxation Laws (Amendment) Ordinance, 2019	-	(41.01)
Others	4.20	11.95
<b>Income tax expense</b>	<b>510.22</b>	<b>153.28</b>

### 33 Earnings per equity share

Particulars	For the year ended	
	31 March 2021	31 March 2020
Profit/((loss) for the year	<b>1,451.64</b>	<b>(1,600.04)</b>
Weighted average number of equity shares outstanding during the year	46,398,000	46,398,000
<b>Earnings per equity share (EPES) (in absolute ₹ terms)</b>		
Nominal value per share equity share	5.00	5.00
Basic and Diluted EPES	31.29	(34.49)

The Company did not have any potential dilutive equity shares as on 31 March 2021 and 31 March 2020.

### 34 Dividend proposed before approval or issue of the financial statements

The amount of dividend proposed or declared to be paid in cash before the financial statements were approved for issue but not recognised as a distribution to owners during the year ended 31 March 2021 amounts to ₹231.99 (₹5 per equity share) (31 March 2020: ₹116.00 (₹2.5 per equity share)).

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 35 Fair value hierarchy

(i) Financial assets and financial liabilities at fair value on a recurring basis as of the reporting dates are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Financial assets</b>		
Fair value hierarchy (Level 1)		
Quoted equity shares	0.13	1,438.65
Fair value hierarchy (Level 3)		
Unquoted equity shares	2.60	2.60

There are no transfers between levels during the current and previous year ended 31 March 2021 and 31 March 2020 respectively. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

(ii) Valuation technique and inputs used for level 3 instruments:

The fair value of the level 3 instruments has been estimated using the discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecasting of cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimate of the fair value for these level 3 instruments.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2021 and 31 March 2020 are as shown below:

Significant unobservable inputs*	Assumption made	Sensitivity of the inputs
Future growth rate	3%	5% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by ₹0.89/(₹0.89) as on 31 March 2021 and 31 March 2020.
Discount rate	20%	5% increase/ (decrease) in the discount rate would result in (decrease)/ increase in fair value by (₹0.72)/₹0.72 as on 31 March 2021 and 31 March 2020.
Discount for lack of marketability (DFLM)	15%	5% increase/ (decrease) in the DFLM would result in (decrease)/ increase in fair value by (₹0.15)/₹0.15 as on 31 March 2021 and 31 March 2020.

\*keeping all other inputs constant.

(iii) Reconciliation of level 3 fair value measurement:

Particulars	Amount
As at 1 April 2019	2.60
Changes during the year	-
As at 31 March 2020	2.60
Changes during the year	-
As at 31 March 2021	2.60

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 36 Categories of Financial instruments and their fair values

The carrying amount of all financial assets and financial liabilities appearing in the financial statements are reasonable approximation of their fair values, except for deferred payment liabilities whose fair value amounts to ₹46.36 and ₹54.28 as on 31 March 2021 and 31 March 2020 respectively.

#### Categories of financial instruments

Particulars	As at 31 March 2021			As at 31 March 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
Quoted equity shares	-	0.13	-	1,078.83	359.82	-
Unquoted equity shares	-	2.60	-	-	2.60	-
Investment in government securities	-	-	0.16	-	-	0.16
Trade receivables	-	-	145.33	-	-	210.95
Cash and cash equivalents	-	-	196.64	-	-	533.23
Other bank balances	-	-	17.29	-	-	17.10
Loans	-	-	88.29	-	-	78.98
Other financial assets	-	-	3.63	-	-	8.66
	-	<b>2.73</b>	<b>451.34</b>	<b>1,078.83</b>	<b>362.42</b>	<b>849.08</b>

Particulars	As at 31 March 2021			As at 31 March 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial liabilities</b>						
Deferred payment liabilities	-	-	53.47	-	-	66.33
Borrowings	-	-	470.25	-	-	2,786.70
Trade payables	-	-	327.77	-	-	568.52
Other financial liabilities	-	-	1,227.20	-	-	1,088.63
	-	-	<b>2,078.69</b>	-	-	<b>4,510.18</b>

The fair value of the financial assets and financial liabilities are included at an amount at which the instruments could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

### 37 Financial risk management objectives and policies

#### Financial Risk Management Framework

The Company's Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments in equity shares, loans, trade and other receivables, and cash and cash equivalents that the Company derives directly from its operations. The Company also holds FVTOCI/FVTPL investments and enters into derivative transactions.

The Company is exposed primarily to Credit risk, Liquidity risk and Market risk (fluctuations in interest rates, foreign currency rates, and prices of equity instruments), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### A. Credit risk

Credit risk is the risk that the counterparty shall not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of the creditworthiness as well as concentration of risks. Credit risk arises primarily from financial assets such as trade receivables, investment in equity shares, balances with banks, loans and other receivables.

Credit risk is controlled by analyzing credit limits and creditworthiness of the customers on a continuous basis to whom credits have been granted after obtaining necessary approvals. Financial instruments that are subject to concentration of credit risk principally consist of trade receivables, investments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹454.07 and ₹2,290.33 as of 31 March 2021 and 31 March 2020 respectively, representing carrying amount of all financial assets with the Company.

#### Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including fixed deposits, were either past due or impaired as at 31 March 2021 and 31 March 2020.

#### Financial assets that are past due but not impaired

The Company's credit period for customers generally ranges from 0 - 30 days. The aging of trade receivables, net of those provided for in the books of account, is given below:

Particulars	As at 31 March 2021	As at 31 March 2020
0-30 days	143.41	165.51
31-60 days	1.92	44.43
61-90 days	-	-
Greater than 90 days	-	1.01
	<b>145.33</b>	<b>210.95</b>

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of Balance Sheet whether a financial asset or a group of financial assets are impaired. Expected credit losses are measured at an amount equal to 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial assets have increased significantly since the initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward-looking information.

### B. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations as and when they become due. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure that funds are available for meeting due obligations of the Company. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and financial liabilities.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at 31 March 2021	On demand	Up to 1 year	More than 1 year	Total
Financial guarantees	265.15	-	-	265.15
Borrowings	4.69	242.33	223.23	470.25
Deferred payment liabilities	-	15.99	37.48	53.47
Trade payables	-	327.77	-	327.77
Other financial liabilities	-	1,193.47	27.03	1,220.50
	<b>269.84</b>	<b>1,779.56</b>	<b>287.74</b>	<b>2,337.14</b>

As at 31 March 2020	On demand	Up to 1 year	More than 1 year	Total
Financial guarantees	261.38	-	-	261.38
Borrowings	831.73	407.12	1,547.85	2,786.70
Deferred payment liabilities	-	12.87	53.46	66.33
Trade payables	-	568.52	-	568.52
Other financial liabilities	-	1,048.28	38.01	1,086.29
	<b>1,093.11</b>	<b>2,036.79</b>	<b>1,639.32</b>	<b>4,769.22</b>

### C. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in the market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term borrowings. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks such as equity price risk.

#### i. Interest risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument shall fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term obligations with floating interest rates.

For the years ended 31 March 2021 and 31 March 2020, every 50 basis point decrease in the floating interest rate component applicable to the Company's long-term borrowings would have increase/(decrease) the profit/(loss) before tax by approximately ₹5.12 and ₹5.50 respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

#### ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure shall fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating and investing activities (when revenue or expense including capital expenditure is denominated in a foreign currency). The exposure of foreign currency risk to the entity is low as it enters very limited transactions in foreign currencies.

The carrying amounts of the Company's unhedged foreign currency denominated monetary items in ₹ terms as at 31 March 2021 and 31 March 2020 are as follows:

#### Financial liabilities- capital creditors

	As at 31 March 2021	As at 31 March 2020
- EURO	2.70	-

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in EURO exchange rate, with all other variables held constant.

Particulars	Impact on profit/(loss) before tax for the year ended	
	31 March 2021	31 March 2020
EURO sensitivity		
₹/EURO - Increase by 5%	(0.14)	-
₹/EURO - Decrease by 5%	0.14	-

### iii. Equity price risk:

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹2.60 (31 March 2020: ₹2.60). Sensitivity analyses of these investments have been provided in Note 35.

At the reporting date, the exposure to listed equity securities at fair value was ₹0.13 (31 March 2020: ₹1,438.65). A decrease of 5% in market price of the securities, which are measured at FVTPL, would have an adverse impact of ₹Nil (31 March 2020: ₹53.94) on the Statement of Profit and loss of the Company, and an increase in prices, a visa versa impact. Further decrease of 5% in market price of the securities, which are measured at FVTOCI, would have an adverse impact of ₹0.01 (31 March 2020: ₹17.99) on the OCI of the Company, and an increase in prices, a visa versa impact.

## 38 Capital risk management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company's policy is to keep the gearing ratio up to 35%. The Company includes within net debt, borrowings from banks less cash and cash equivalents. Borrowings from banks comprise of term loans and loans repayable on demand.

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings from banks (note 19 and 20)	470.25	2,786.70
Less: Cash and cash equivalents (note 15(i))*	(195.52)	(533.23)
<b>Net debt (A)</b>	<b>274.73</b>	<b>2,253.47</b>
<b>Total equity (B)</b>	<b>5,937.64</b>	<b>4,623.31</b>
Net debt and total equity (A) + (B)	6,212.37	6,876.78
<b>Gearing ratio (%)</b>	<b>4.42%</b>	<b>32.77%</b>

\*excluding restricted cash

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings. Breaches in meeting the financial covenants would permit the lenders to immediately call back the borrowings. There was no breach in the financial covenants of any borrowings during the year ended 31 March 2021 and 31 March 2020.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

### 39 Disclosure of Interest in subsidiary, joint venture and associate:

Particulars	Nature of relationship	Country of Incorporation	Ownership interest (%)	
			As at 31 March 2021	As at 31 March 2020
Heritage Nutrivet Limited	Subsidiary	India	100.00%	100.00%
SKIL Raigam Power (India) Limited	Associate	India	44.22%	44.83%
Heritage Farmers Welfare Trust	Controlled trust	India	0.00%	0.00%
Heritage Employees Welfare Trust	Controlled trust	India	0.00%	0.00%
Heritage Novandie Foods Private Limited	Joint venture	India	50.00%	50.00%

40 The Company has extended no loans or advances to its subsidiary and associate during the years ended 31 March 2021 and 31 March 2020.

### 41 Related party disclosures

#### (a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Heritage Nutrivet Limited ("HNL")	Subsidiary Company
Heritage Novandie Foods Private Limited ("HNFPL")	Joint Venture
Heritage Farmers Welfare Trust ("HFWT")	Controlled Trust
Heritage Employees Welfare Trust	
Heritage Finlease Limited	Enterprise over which KMP exercise significant influence
NTR Memorial Trust	
Nirvana Holdings Private Limited	Entity belonging to Promoter Group and holding 10% or more share holding in the Company
N Bhuvaneshwari	Key Managerial Personnel (KMP)
N Brahmani	
M Sambasiva Rao	
A Prabhakara Naidu	
Umakanta Barik	

#### (b) Transactions with related parties

Particulars	For the year ended	
	31 March 2021	31 March 2020
(i) <b>Heritage Nutrivet Limited</b>		
Investment made (including financial guarantee)	1.00	76.00
Sale of products	5.15	2.35
Financial guarantee income	2.38	2.34
Purchases	549.24	545.34

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Lease rental income	0.54	1.83
Purchase/(sale) of Property, plant and equipment	(0.14)	0.36
Expenditure incurred on behalf of HNL	0.75	0.77
Brand income	3.46	-
<b>(ii) Heritage Novandie Foods Private Limited</b>		
Investment made (including financial guarantee)	74.64	-
Sale of products	0.10	-
Financial guarantee income	1.23	0.24
Lease rental income	0.95	0.95
Rent deposit received	-	0.45
Reimbursement of insurance proceeds received on behalf of HNFPL	-	0.02
Expenditure incurred on behalf of HNFPL	1.86	0.10
<b>(iii) Heritage Farmers Welfare Trust</b>		
Lease rental income	0.13	0.13
Expenditure incurred on behalf of HFWT	-	0.04
Purchase of Property, plant and equipment	1.45	-
<b>(iv) Heritage Finlease Limited</b>		
Dividend received	-	0.40
Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	1,012.12	737.39
Disbursement of loans to employees of the Company	17.92	9.68
Cattle loan facilitation charges	2.03	1.54
<b>(v) Nirvana Holdings Private Limited</b>		
Dividend paid	12.86	10.29
<b>(vi) NTR Memorial Trust</b>		
CSR expenditure	9.98	22.28
Others	0.13	-
<b>(vii) N Bhuvanewari</b>		
Short-term employee benefits	110.80	39.93
Post-employment benefits	0.93	1.30
Other long-term benefits	0.87	0.87
<b>(viii) N Brahmani</b>		
Short-term employee benefits	88.64	31.95
Post-employment benefits	0.47	0.65
<b>(ix) M Sambasiva Rao</b>		
Short-term employee benefits	34.96	21.92
Post-employment benefits	0.69	0.69
Other long-term benefits	1.24	-

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

(x) <b>A Prabhakara Naidu</b>		
Short-term employee benefits	6.24	5.66
Post-employment benefits	0.32	0.31
Other long-term benefits	0.43	0.31
(xi) <b>Umakanta Barik</b>		
Short-term employee benefits	3.10	2.81
Post-employment benefits	0.16	0.15
<b>(c) Balances receivable/(payable)</b>		
	<b>As at</b>	<b>As at</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
(i) <b>Heritage Nutrivet Limited</b>		
Trade payable	(9.94)	(4.61)
Other receivables	-	0.05
(ii) <b>Heritage Finlease Limited</b>		
Loan proceeds payable	(8.14)	(29.77)
Other receivables	0.23	0.17
(iii) <b>Heritage Novandie Foods Private Limited</b>		
Other receivables	0.36	0.18
Other payables	(0.45)	(0.45)
(iv) <b>Heritage Farmers Welfare Trust</b>		
Other receivables	0.01	0.01
(v) <b>N Bhuvaneswari</b>		
Short-term employee benefits payable	(92.80)	(20.36)
(vi) <b>N Brahmani</b>		
Short-term employee benefits payable	(78.89)	(22.20)
(vii) <b>M Sambasiva Rao</b>		
Short-term employee benefits payable	(21.73)	(9.22)

### Notes:

- The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which such parties operates.
- As at 31 March 2021 and 31 March 2020, the Company has outstanding guarantees given to bankers towards loans availed by its wholly owned subsidiary i.e. Heritage Nutrivet Limited and its joint venture i.e. Heritage Novandie Foods Private Limited. Amount outstanding to bankers by Heritage Nutrivet Limited and Heritage Novandie Foods Private Limited as at 31 March 2021 is ₹265.15 (31 March 2020: ₹261.38).
- Post-employment and other long-term benefits, disclosed above, does not include those benefits which are computed for the Company as a whole.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 42 Segment reporting

In accordance with Ind AS 108 - 'Operating segments', segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

### 43 Contingent liabilities and commitments

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(a) Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	52.06	271.66
<b>(b) Contingent liabilities</b>		
<b>Claims against the Company not acknowledged as debts</b>		
- Disputed purchase tax levied under Andhra Pradesh Value Added Tax Act, 2005 on purchase of milk	9.51	9.51
- Disputed Input tax credit disallowed under Andhra Pradesh Value Added Tax Act, 2005	4.69	4.69
- Disputed Entry tax levied under Telangana Tax on Entry of Goods into Local Areas Act, 2001 on interstate purchases of certain items	10.34	10.34
- Disputed milk cess levied on installed capacity under the Haryana Murrah Buffalo and other Milch Animal Breed Act, 2001.	10.31	10.31
<b>(c) Guarantees excluding financial guarantees</b>	2.91	4.05

### 44 Leases

The movement in lease liabilities is as follows:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Balance at the beginning of the year	65.49	94.14
Additions during the year	17.01	-
Finance cost accrued during the year	5.86	3.14
Payment of lease liabilities	(43.49)	(31.79)
<b>Lease liabilities at the end of the year</b>	<b>44.87</b>	<b>65.49</b>
Current lease liabilities	22.51	29.40
Non-current lease liabilities	22.36	36.09

The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

Particulars	As at	As at
	31 March 2021	31 March 2020
Less than one year	26.33	34.61
One to five years	24.32	31.34
More than five years	2.71	6.67
<b>Total</b>	<b>53.36</b>	<b>72.62</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases for the year ended 31 March 2021 was ₹19.98 (31 March 2020: ₹30.70). Leases not yet commenced to which the Company is committed aggregated to ₹Nil as on 31 March 2021.

### 45 Disposal of investments in Future Retail Limited and Praxis Home Retail Limited ("PHRL")

During the year ended 31 March 2021, the Company has divested its entire holdings of 17,847,420 equity shares in Future Retail Limited and 892,371 equity shares in Praxis Home Retail Limited. These investments were acquired by the Company pursuant to an arrangement and as a consideration for transfer of demerged retail business to Future Retail Limited. On completion of the mandatory lock-in-period, the aforesaid investments were divested during the current year for an aggregate consideration of ₹1,358.80. Further, a net realised gain of ₹12.14 on disposal of these investments is presented in the Statement of Profit and Loss as fair value gain/(loss) on FVTPL securities.

### 46 Research and development expenses

Particulars	For the year ended	
	31 March 2021	31 March 2020
Capital expenditure	11.14	-
Revenue expenditure	1.87	-
<b>Total</b>	<b>13.01</b>	<b>-</b>

### 47 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of information available with the Company. Disclosures in respect of the amounts payable to such parties are given below:

Particulars	As at	As at
	31 March 2021	31 March 2020
(i) The principal amount remaining unpaid as at the end of the year.	34.89	52.39
(ii) The amount of interest accrued and remaining unpaid on (i) above.	-	-
(iii) Amount of interest paid by the Company in terms of Section 16, of the MSMED Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	0.00	0.00
(iv) The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
(v) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	0.00	0.00

#### Notes:

- Explanation - The terms 'appointed day', 'buyer', 'enterprise', 'micro enterprise', 'small enterprise' and 'supplier' shall have the same meaning as assigned to them under clauses (b),(d),(e), (h), (m) and (n) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006.
- This information required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the company. The auditors have placed reliance on the information provided by the management.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

**48** Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either "Nil" or "Not Applicable" has not been furnished.

**49** Corresponding previous period's figures have been regrouped/reclassified wherever necessary.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
FRN No: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
M.No. 207660

Place : Hyderabad  
Date : 19 May 2021

For and on behalf of Board of Directors of  
**Heritage Foods Limited**

**N. Bhuvanewari**  
Vice Chairperson & Managing Director  
DIN : 00003741

**M Sambasiva Rao**  
President

Place : Hyderabad  
Date : 19 May 2021

**A Prabhakara Naidu**  
Chief Financial Officer  
M.No. FCA 200974

**N Brahmani**  
Executive Director  
DIN : 02338940

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

# INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Heritage Foods Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Heritage Foods Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements and on the other financial information of a subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, its associate and joint venture, as at 31 March 2021, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of its report referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on terms.</p> <p>Majority of the Holding Company's sales arrangements are on a point of sale basis and requires little judgement to be exercised.</p>	<p>Our audit included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the revenue recognition accounting policies, including those relating to discounts in accordance with Ind AS 115 – Revenue from contracts with customers ('Ind AS 115').</li> <li>• Evaluated the integrity of the general information and technology control environment and tested the operating effectiveness of Key IT application controls.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>Discounts are material and there are arrangements with varying terms based on schemes implemented throughout the year.</p> <p>There is a risk of revenue being overstated, resulting from pressure the management may feel to achieve performance targets at the reporting period end.</p> <p>Due to the materiality of amounts involved and above said considerations, revenue recognition from sale of goods is determined to be a key audit matter for the current year audit.</p> <p>Refer Note 3(e) to the Consolidated Financial Statements – Summary of the significant accounting policies and Note 25 for the revenue recognized during the year.</p>	<ul style="list-style-type: none"> <li>• Evaluated the design and implementation of Holding Company's controls in respect of revenue recognition, including discounts.</li> <li>• Performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included trip sheets, invoices, shipping documents and evidence of collection of receipts, as appropriate.</li> <li>• Performed substantive testing by selecting samples of discount transactions recorded during the year and comparing the parameters used in the calculation of the discounts with the relevant source documents (including invoices and schemes) to assess whether the methodology adopted in the calculation of the discounts was in accordance with the terms and conditions defined in the schemes.</li> <li>• Performed cut-off testing by selecting samples of revenue transactions recorded before and after the financial year end date by tracing to the relevant underlying documentation, to assess whether the revenue was recognized in the correct period.</li> <li>• Assessed manual journal entries posted to revenue to identify unusual items and tested such entries on a sample basis.</li> <li>• Evaluated appropriateness of disclosures made in the consolidated financial statements in accordance with the requirements of Ind AS 115 and other applicable regulations.</li> </ul>

### Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the entities included in the Group, and its associate company and joint venture company covered under the Act are responsible for maintenance of

adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors/management of the entities included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors/management either intend to liquidate the entity or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors/management are also responsible for overseeing the financial reporting process of the respective entities included in the Group and of its associate and joint venture.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company, its subsidiary company and its associate company (covered under the Act) have adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern; and
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, and its associate and joint venture, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For an entity included in the consolidated financial

statements, which has been audited by the other auditor, such other auditor remains responsible for the direction, supervision and performance of the audit carried out by it. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

15. We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹1.35 millions and net assets of ₹0.48 millions as at 31 March 2021, total revenues of ₹0.22 millions and net cash outflows amounting to ₹6.81 millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements has been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor.

Our opinion above on the consolidated financial statements is not modified in respect of the above matter with respect to our reliance on the work done by and the report of the other auditor.

16. We did not audit the financial information of a subsidiary, whose financial information reflect total assets of ₹6.18 millions and net assets of ₹4.39 millions as at 31 March 2021, total revenues of ₹2.52 millions and net cash outflows amounting to ₹9.42 millions for the year ended on that date, as considered in the consolidated financial statements. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

Our opinion above on the consolidated financial statements is not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

### Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the joint venture covered under the Act, since it is not a public company as defined under section 2(71) of the Act.

Further, we report that a subsidiary company and an associate company covered under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary company and associate company.

18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements of the subsidiary, associate and joint venture, we report, to the extent applicable, that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

- c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, associate company and joint venture company covered under the Act, none of the directors of the Group companies, its associate company and joint venture company covered under the Act, are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) with respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary company and an associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiary, associate and joint venture:
  - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture as at 31 March 2021, as detailed in Note 42(b) to the consolidated financial statements;
  - ii. the Holding Company, its subsidiary, its associate and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company, associate company and joint venture company covered under the Act, during the year ended 31 March 2021; and
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660  
UDIN: 21207660AAAACX8708

Place: Hyderabad  
Date: 19 May 2021

## Annexure 1

### List of entities included in the Consolidated Financial Statements

Subsidiaries:

- 1) Heritage Nutrivet Limited
- 2) Heritage Farmers Welfare Trust
- 3) Heritage Employees Welfare Trust

Associate:

- 1) SKIL Raigam Power (India) Limited

Joint Venture:

- 1) Heritage Novandie Foods Private Limited

## **Annexure A to the Independent Auditor's Report of even date to the members of Heritage Foods Limited on the consolidated financial statements for the year ended 31 March 2021**

### **INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')**

1. In conjunction with our audit of the consolidated financial statements of Heritage Foods Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary company and its associate company, which are companies covered under the Act, as at that date.

#### **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, its subsidiary company and its associate company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Holding Company, its subsidiary company and its associate company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements**

3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary company and its associate company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary company and its associate company as aforesaid.

#### **Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements**

6. A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Holding Company, its subsidiary company and its associate company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such controls were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
Membership No.: 207660  
UDIN: 21207660AAAACX8708

Place: Hyderabad  
Date: 19 May 2021

# Balance Sheet as at 31 March 2021

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Notes	As at	
		31 March 2021	31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	6	5,714.08	4,691.25
(b) Capital work-in-progress		157.41	757.16
(c) Investment property	8	45.28	58.51
(d) Other intangible assets	7	38.95	61.13
(e) Intangible assets under development		25.77	15.81
(f) Investment in associate and joint venture	9	129.06	81.80
(g) Financial assets			
(i) Investments	10	2.85	1,441.36
(ii) Loans	16	54.71	53.85
(iii) Other financial assets	11	0.55	5.24
(h) Other non-current assets	12	21.88	29.09
<b>Total non-current assets</b>		<b>6,190.54</b>	<b>7,195.20</b>
<b>Current assets</b>			
(a) Inventories	13	1,982.70	1,446.75
(b) Financial assets			
(i) Investments	10	0.04	0.04
(ii) Trade receivables	14	152.20	218.92
(iii) Cash and cash equivalents	15(i)	218.26	558.34
(iv) Bank balances other than (iii) above	15(ii)	17.30	24.13
(v) Loans	16	36.77	28.24
(vi) Other financial assets	11	3.72	4.20
(c) Current tax assets (net)		25.78	13.77
(d) Other current assets	12	145.99	166.52
(e) Disposal group - Assets held for sale	6 & 47	11.81	225.94
<b>Total current assets</b>		<b>2,594.57</b>	<b>2,686.85</b>
<b>Total assets</b>		<b>8,785.11</b>	<b>9,882.05</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	17	231.99	231.99
(b) Other equity	18	5,726.26	4,363.85
Equity attributable to the owners of the Company		5,958.25	4,595.84
(c) Non-controlling interest		4.88	21.52
<b>Total equity</b>		<b>5,963.13</b>	<b>4,617.36</b>

# Balance Sheet as at 31 March 2021

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Notes	As at	
		31 March 2021	31 March 2020
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	340.40	1,722.25
(ii) Other financial liabilities	20	31.13	39.33
(b) Government grant		26.90	0.63
(c) Provisions	21	103.73	82.01
(d) Deferred tax liabilities (net)	22	240.57	223.58
<b>Total non-current liabilities</b>		<b>742.73</b>	<b>2,067.80</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	19.36	884.41
(ii) Trade payables	24		
- total outstanding dues of micro and small enterprises;		35.14	53.06
- total outstanding dues of creditors other than micro and small enterprises		319.45	546.42
(iii) Other financial liabilities	20	1,496.42	1,516.01
(b) Other current liabilities	23	79.15	80.35
(c) Government grant		0.22	0.14
(d) Provisions	21	127.72	112.47
(e) Disposal group - liabilities related to assets held for sale	47	1.79	4.03
<b>Total current liabilities</b>		<b>2,079.25</b>	<b>3,196.89</b>
<b>Total equity and liabilities</b>		<b>8,785.11</b>	<b>9,882.05</b>

The accompanying notes referred to above form an integral part of the consolidated financial statements. This is the Consolidated Balance Sheet referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
FRN No: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
M.No. 207660

Place : Hyderabad  
Date : 19 May 2021

For and on behalf of Board of Directors of  
**Heritage Foods Limited**

**N. Bhuvaneshwari**  
Vice Chairperson & Managing Director  
DIN : 00003741

**M Sambasiva Rao**  
President

Place : Hyderabad  
Date : 19 May 2021

**A Prabhakara Naidu**  
Chief Financial Officer  
M.No. FCA 200974

**N Brahmani**  
Executive Director  
DIN : 02338940

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

# Statement of Profit and Loss

for the year ended 31 March 2021

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Notes	For the year ended	
		31 March 2021	31 March 2020
Revenue from operations	25	24,731.13	27,259.04
Other income	26	80.33	88.67
Gain due to changes in fair value of derivative liabilities		-	2,944.89
<b>Total income</b>		<b>24,811.46</b>	<b>30,292.60</b>
<b>Expenses</b>			
Cost of materials consumed	27	18,419.76	22,263.41
Purchase of stock-in-trade		266.85	119.67
Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress	28	(312.95)	(137.53)
Employee benefits expenses	29	1,778.87	1,563.90
Finance costs	30	191.80	226.34
Depreciation and amortisation expense	6, 7 & 8	462.26	501.33
Impairment losses	6 & 7	42.44	7.43
Other expenses	31	1,866.97	2,156.75
Fair value loss on FVTPL securities		48.12	5,116.06
<b>Total expenses</b>		<b>22,764.12</b>	<b>31,817.36</b>
<b>Profit/(loss) before share of loss of an associate and a joint venture from continuing operations</b>		<b>2,047.34</b>	<b>(1,524.76)</b>
Share of loss of an associate and a joint venture		(22.16)	(9.01)
<b>Profit/(loss) before tax from continuing operations</b>		<b>2,025.18</b>	<b>(1,533.77)</b>
<b>Tax expense</b>	32		
Current tax expense		516.40	185.94
Deferred tax expense/(benefit)		18.28	(32.48)
<b>Profit/(loss) for the year from continuing operations</b>		<b>1,490.50</b>	<b>(1,687.23)</b>
<b>Discontinued operations</b>			
Loss before tax	47	(7.49)	(6.77)
Tax expense		-	-
<b>Loss for the year from discontinued operations</b>		<b>(7.49)</b>	<b>(6.77)</b>
<b>Profit/(loss) for the year</b>		<b>1,483.01</b>	<b>(1,694.00)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(i) Re-measurement loss on defined benefit plan, net of taxes		(3.84)	(5.83)
(ii) Net loss on FVTOCI equity securities		(17.23)	(1,705.99)
<b>Total other comprehensive loss for the year</b>		<b>(21.07)</b>	<b>(1,711.82)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>1,461.94</b>	<b>(3,405.82)</b>
<b>Profit/(loss) for the year from continuing operations attributable to:</b>			
- Owners of the Company		1,499.48	(1,603.12)
- Non-controlling interest		(8.98)	(84.11)
<b>Loss for the year from discontinued operations attributable to:</b>			
- Owners of the Company		-	-

# Statement of Profit and Loss

for the year ended 31 March 2021  
(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	Notes	For the year ended	
		31 March 2021	31 March 2020
- Non-controlling interest		(7.49)	(6.77)
<b>Profit/(loss) for the year attributable to:</b>			
- Owners of the Company		1,499.48	(1,603.12)
- Non-controlling interest		(16.47)	(90.88)
<b>Other comprehensive loss for the year attributable to:</b>			
- Owners of the Company		(21.07)	(1,711.82)
- Non-controlling interest		-	-
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
- Owners of the Company		1,478.41	(3,314.94)
- Non-controlling interest		(16.47)	(90.88)
<b>Earnings per equity share [EPES] (in absolute ₹ terms)</b>	33		
Nominal value per equity share		5.00	5.00
<b>EPES for continuing operations</b>			
Basic and Diluted EPES		32.32	(34.55)
<b>EPES for discontinued operations</b>			
Basic and Diluted EPES		-	-
<b>EPES for continuing and discontinued operations</b>			
Basic and Diluted EPES		32.32	(34.55)

The accompanying notes referred to above form an integral part of the consolidated financial statements.  
This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
FRN No: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
M.No. 207660

Place : Hyderabad  
Date : 19 May 2021

For and on behalf of Board of Directors of  
**Heritage Foods Limited**

**N. Bhuvanewari**  
Vice Chairperson & Managing Director  
DIN : 00003741

**M Sambasiva Rao**  
President

Place : Hyderabad  
Date : 19 May 2021

**A Prabhakara Naidu**  
Chief Financial Officer  
M.No. FCA 200974

**N Brahmani**  
Executive Director  
DIN : 02338940

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

# Cash Flow Statement

for the year ended 31 March 2021

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Cash flow from operating activities</b>		
Profit/(loss) before tax from continuing operations	2,025.18	(1,533.77)
<b>Adjustments:</b>		
Loss on FVTPL securities	48.12	5,116.06
Gain due to changes in fair value of derivative liabilities	-	(2,944.89)
Depreciation and amortization expense	462.26	501.33
Impairment losses	42.44	7.43
Provision for doubtful advances	11.82	-
Share of loss of an associate and a joint venture	22.16	9.01
Provision for doubtful debts	3.05	5.96
Guarantee income	(1.23)	(0.24)
Amortisation of government grants	(0.31)	(0.14)
Property, plant and equipment written off	6.18	-
Loss/(Profit) on sale of Property, plant and equipment ("PPE")	(17.77)	7.06
Provisions no longer required/credit balances written back	(18.27)	(23.07)
Interest income	(2.57)	(6.80)
Interest expenses	185.61	218.54
Advances written off	0.66	-
Dividend income	-	(0.40)
Lease rentals income	(12.31)	(15.60)
<b>Operating profits before working capital changes</b>	<b>2,755.02</b>	<b>1,340.48</b>
Changes in inventories	(535.95)	(63.12)
Changes in trade receivables	63.67	198.63
Changes in loans	(9.39)	(12.10)
Changes in other assets	8.60	(38.56)
Changes in other financial assets	(0.03)	5.27
Changes in trade payables	(244.89)	(86.20)
Changes in provisions	31.84	33.20
Changes in other financial liabilities	221.18	(29.92)
Changes in other liabilities	(10.30)	18.43
<b>Cash generated from operating activities</b>	<b>2,279.75</b>	<b>1,366.11</b>
Income tax paid, net	(530.84)	(192.36)
<b>Net cash generated from operating activities of continuing operations</b>	<b>1,748.91</b>	<b>1,173.75</b>
<b>Net cash used in operating activities of discontinued operations</b>	<b>(9.42)</b>	<b>(6.63)</b>
<b>Net cash generated from operating activities (A)</b>	<b>1,739.49</b>	<b>1,167.12</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE and other intangible assets including CWIP and intangible assets under development	(926.25)	(1,120.09)
Proceeds from sale of PPE	264.43	35.60
(Purchase)/ Sale of investments held in equity instruments and government securities	1,363.70	(0.01)
Investment in a joint venture	(66.30)	-
Receipts of government grants	26.66	-
Interest received	4.07	7.69
Movement in other bank balances, net	9.73	91.06
Rent received	11.99	14.76
Dividend received	-	0.40
<b>Net cash generated from/ (used in) investing activities of continuing operations</b>	<b>688.03</b>	<b>(970.59)</b>
<b>Net cash generated from investing activities of discontinued operations</b>	<b>-</b>	<b>-</b>

# Cash Flow Statement

for the year ended 31 March 2021

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Net cash generated from/ (used in) investing activities (B)</b>	<b>688.03</b>	<b>(970.59)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long term borrowings	282.52	533.57
Repayment of long term borrowings	(1,848.27)	(385.29)
Interest paid	(187.68)	(216.91)
Lease rentals paid	(43.49)	(31.79)
Movement in minority interest, net	(0.17)	(4.66)
Dividend paid including dividend distribution tax	(116.00)	(111.88)
<b>Net cash used in financing activities of continuing operations</b>	<b>(1,913.09)</b>	<b>(216.96)</b>
<b>Net cash generated from financing activities of discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Net cash used in financing activities (C)</b>	<b>(1,913.09)</b>	<b>(216.96)</b>
<b>Net increase/ (decrease) in cash and cash equivalents during the year (A + B + C)</b>	<b>514.43</b>	<b>(20.43)</b>
Cash and cash equivalents at the beginning of the year	(311.50)	(291.07)
<b>Cash and cash equivalents at the end of the year</b>	<b>202.93</b>	<b>(311.50)</b>
<b>Note 1:</b>		
<b>Cash and cash equivalents include:</b>		
<b>- Included in cash and cash equivalents and current borrowings</b>		
Cash on hand (refer note 15(i))	33.05	35.91
Balances with banks in current accounts (refer note 15(i))	169.64	508.43
Deposits with original maturity up to 3 months (refer note 15(i))	14.45	14.00
Loans repayable on demand from banks (refer note 19)	(19.36)	(884.41)
	<b>197.78</b>	<b>(326.07)</b>
<b>- Included in the assets of the disposal group (refer note 47)</b>	<b>5.15</b>	<b>14.57</b>
	<b>202.93</b>	<b>(311.50)</b>

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
FRN No: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
M.No. 207660

Place : Hyderabad  
Date : 19 May 2021

For and on behalf of Board of Directors of  
**Heritage Foods Limited**

**N. Bhuvanewari**  
Vice Chairperson & Managing Director  
DIN : 00003741

**M Sambasiva Rao**  
President

Place : Hyderabad  
Date : 19 May 2021

**A Prabhakara Naidu**  
Chief Financial Officer  
M.No. FCA 200974

**N Brahmani**  
Executive Director  
DIN : 02338940

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

## Consolidated Statement of Changes in Equity for the year ended 31 March 2021

(All amounts in ₹ millions, except share data and where otherwise stated)

A Equity share capital (refer note 17)		Number of shares	Amount
As at 31 March 2019		46,398,000	231.99
Changes during the year		-	-
As at 31 March 2020		46,398,000	231.99
Changes during the year		-	-
As at 31 March 2021		46,398,000	231.99

B Other equity (refer note 18)		OCI	Non controlling interest	Total					
	Capital reserve	Reserves and Surplus	Changes in fair value of equity instruments						
	Capital redemption reserve	Securities premium	Warrants money appropriated	General reserve					
				Retained earnings					
Balance as at 1 April 2019	(14.97)	8.10	378.41	31.87	842.74	4,841.99	1,705.45	117.06	7,910.65
Impact on account of adoption of Ind AS 116	-	-	-	-	-	(2.93)	-	-	(2.93)
Loss for the year	-	-	-	-	-	(1,603.12)	-	(90.88)	(1,694.00)
Repayment of contribution to corpus fund	-	-	-	-	-	-	-	(4.66)	(4.66)
Payment of dividend (₹2 per equity share)	-	-	-	-	-	-	-	(92.80)	(92.80)
Dividend distribution tax	-	-	-	-	-	-	-	(19.07)	(19.07)
Other comprehensive loss, net of taxes	-	-	-	-	-	(5.83)	(1,705.99)	-	(1,711.82)
Balance as at 31 March 2020	(14.97)	8.10	378.41	31.87	842.74	3,118.24	(0.54)	21.52	4,385.37
Profit for the year	-	-	-	-	-	1,499.48	-	(16.47)	1,483.01
Repayment of contribution to corpus fund	-	-	-	-	-	-	-	(0.17)	(0.17)
Payment of dividend (₹2.5 per equity share)	-	-	-	-	-	(116.00)	-	-	(116.00)
Transfer on disposal of equity instruments classified as FVTOCI	-	-	-	-	-	(17.15)	17.15	-	-
Other comprehensive loss, net of taxes	-	-	-	-	-	(3.84)	(17.23)	-	(21.07)
Balance as at 31 March 2021	(14.97)	8.10	378.41	31.87	842.74	4,480.73	(0.62)	4.88	5,731.14

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
FRN No: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
M.No. 207660

Place : Hyderabad  
Date : 19 May 2021

For and on behalf of Board of Directors of  
**Heritage Foods Limited**

**N. Bhuvaneshwari**  
Vice Chairperson & Managing Director  
DIN : 00003741

**M Sambasiva Rao**  
President

Place : Hyderabad  
Date : 19 May 2021

**N Brahmani**  
Executive Director  
DIN : 02338940

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

**A Prabhakara Naidu**  
Chief Financial Officer  
M.No. FCA 200974

## Summary of the significant accounting policies and other explanatory information

### 1. Corporate information

Heritage Foods Limited (“the Company” or “Parent Company” or “Holding Company”) together with its subsidiaries (collectively referred as “the Group”), a joint venture and an associate, is a leading India based Dairy Company, headquartered, and having its registered office at #6-3-541/C, Punjagutta, Hyderabad – 500 082 Telangana, India. The Group operates through its three business divisions (a) Dairy, (b) Renewable Energy and (c) Animal Feed Products. The Parent Company’s shares are listed and traded on the Indian Stock Exchanges viz., BSE Limited and the National Stock Exchange of India.

### 2. Basis of preparation of the consolidated financial statements

These consolidated financial statements as at and for the year ended 31 March 2021 comply in all material aspects with the Indian Accounting Standards (“Ind-AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time and guidelines issued by the Securities Exchange Board of India (“SEBI”).

These consolidated financial statements have been prepared by the Company as a going concern on the basis of relevant Ind-AS that are effective or elected for early adoption at the Parent Company’s annual reporting date, 31 March 2021. These consolidated financial statements were authorised for issuance by the Company’s Board of Directors on 19 May 2021.

These consolidated financial statements have been prepared on historical cost convention, except for the following material items:

- (a) Derivative financial instruments are measured at fair value.
- (b) Financial assets are measured at either at fair value or at amortised cost depending upon the classification.
- (c) Employee defined benefits assets / (liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligations.
- (d) Long-term borrowings are measured at amortised cost using the effective interest rate method.
- (e) Assets held for sale are measured at fair value less cost to sell; and
- (f) Right-of-use assets are recognised at present value of lease payments, that are not paid at that date, adjusted for any lease payments made at or before the commencement date, lease incentives received and initial direct cost incurred, if any.

The Group has uniformly applied the accounting policies during the periods presented. The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest millions, except when otherwise indicated.

### 3. Summary of significant accounting policies

#### a. Basis of consolidation

##### Subsidiaries

Subsidiaries are all entities (including special purpose entities) that are controlled by the Parent Company. Control exists when the Parent Company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet, respectively. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Parent Company.

#### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries.
- (b) Offset (eliminate) the carrying amount of the Parent Company’s investment in each subsidiary and the Parent Company’s portion of equity of each subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions

that are recognised in assets, such as inventory and Property, plant and equipment are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

### **Joint arrangements (equity accounted investees)**

Joint arrangements are those arrangements over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

With respect to joint operations, the Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

Investments in joint ventures are accounted for using the equity method and are initially recognised at cost. The carrying value of the Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities. Investments in such entities are accounted by the equity method of accounting. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including

any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

For the purpose of preparing these consolidated financial statements, the accounting policies of joint venture has been changed where necessary to align them with the policies adopted by the Parent Company. Furthermore, the financial statements of the joint ventures are prepared for the same reporting period as of the Parent Company.

Unrealised gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Parent Company's interest in the investee.

### **Associate**

An associate is an entity over which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in an associate is accounted for using the equity method and the investment is initially recognised at cost.

### **Changes in ownership interests**

Acquisition of some or all of the NCI is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the Parent company. The associated cash flows are classified as financing activities. No goodwill is recognised as a result of such transactions.

### **Loss of Control**

Upon loss of control, the Parent Company derecognises the assets and liabilities of the subsidiary, any NCIs and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of profit and loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, depending on the level of influence retained, it is accounted for as an equity-accounted investee or as an investment measured at fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") under Ind AS 109, "Financial Instruments".

### List of entities included in the consolidated financial statements is as under:

Name of the entity	Relationship	Country of incorporation	Proportion of ownership interest as at	
			31 March 2021	31 March 2020
Heritage Nutrivet Limited ("HNL")	Subsidiary	India	100%	100%
Heritage Novandie Foods Private Limited	Joint venture	India	50%	50%
SKIL Raigam Power (India) Limited	Associate	India	44.22%	44.83%
Heritage Farmer Welfare Trust	Subsidiary	India	#	#
Heritage Employee Welfare Trust*	Subsidiary	India	#	#

\*The Board of Directors of the Company passed a resolution on 24 March 2017 to discontinue all the activities of the trust with effect from 1 April 2017, except for loan recoveries from employees.

# Considered as subsidiaries by virtue of control being exercised by the Parent Company.

#### b. Current versus non-current classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

#### c. Foreign currencies

The functional currency of the Parent Company and its subsidiaries is Indian rupee (₹). These consolidated financial statements are presented in Indian rupees, which is Parent Company's functional currency.

Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transactions. Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the end of reporting period, are translated at the functional currency spot rate of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the consolidated statement of profit and loss either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to long-term foreign currency monetary items.

#### **d. Fair value measurement**

The Group measures financial instruments at fair value at each consolidated balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is

significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **e. Revenue recognition**

The Group derives revenues primarily from sale of milk, dairy products and feed products. It is also engaged in generation of power and trading of dairy and food commodities.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

Revenue is measured on the basis of contracted price, after deduction of any discounts and any taxes or duties collected on behalf of the Government such as goods and services tax, etc. Discounts are recognised in accordance with the schemes implemented by the Group. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products and services is recognised at the time when performance obligation is satisfied.

### Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included under other income in the consolidated statement of profit and loss.

### Dividend Income

Dividend income is recognized when the Group's right to receive dividend is established.

## f. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

On receipt of grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the consolidated statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

## g. Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax is recognised in the consolidated statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of

an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is recognised in the consolidated statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Consolidated Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

### Dividend distribution tax (DDT)

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Group and all such taxes are recognised in the consolidated statement of changes in equity as part of the associated dividend payment.

The Finance Act 2020 has repealed the Dividend Distribution Tax. Companies are now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

## h. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the consolidated balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,

- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit and loss.

Additional disclosures are provided in Note 47. All notes to the consolidated financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

### i. Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, the cost of replacing the part of plant and equipment and borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition and location for the intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the Group intends to use these during more than a period of 12 months.

Depreciation is provided on the basis of straight line method at the useful life and in the manner prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, based on technical assessment made by technical expert and management estimate, useful life is different from those described in Schedule II. Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

- Plant and Machinery: Depreciation on Plant and Machinery is provided on the basis of straight line method based on the useful life ranging from 1 to 30

years. Useful life of each asset is determined based on internal and external technical evaluation.

- Furniture and Fixtures: Depreciation on Furniture and Fixtures is provided on the basis of straight line method based on the useful life ranging from 1 to 15 years.
- Office Equipment: Depreciation on Office Equipment is provided on the basis of straight line method based on the useful life ranging from 1 to 20 years.
- Vehicles: Depreciation on vehicles is provided on the basis of straight line method based on the useful life ranging from 2 to 10 years.
- Buildings: Depreciation on buildings is provided on the basis of straight line method based on the useful life ranging from 5 to 40 years.
- Improvements to leasehold property: Depreciation on Improvements to leasehold property is provided over a period of lease.
- Depreciation in respect of its Renewable Energy business is provided on straight line method and at rates/ methodology prescribed under the relevant Central Electricity Regulatory Commission (CERC) regulations.

The useful life provided for different asset classes under schedule II of the Companies Act, 2013 are as follows:

Asset class	Useful life (years)
Buildings	30
Plant and machinery	15
Furniture and Fixtures	10
Vehicles	8
Office Equipment	5

Depreciation on assets which are commissioned during the year is charged on pro -rata basis from the date of commissioning. The Group depreciates general spares over the life of the spare from the date it is available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are

reviewed at each financial year end and adjusted prospectively, if appropriate.

#### j. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred.

The Group depreciates building component of investment property over the useful life prescribed in Schedule II to the Companies Act, 2013.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the note 8 to the consolidated financial statements.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit and loss in the period of de-recognition.

#### k. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on straight line basis over the estimated useful economic life. The amortisation expense on intangible assets with finite life is recognised in the consolidated statement of profit and loss. The estimated useful life of intangible assets is mentioned below:

Asset	Useful life (years)
Brand	5
Non-compete	3
Procurement	5
Computer Software	5
Distribution network	5

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit and loss when the asset is derecognised.

#### l. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### m. Leases

Effective 1 April 2019, the Group adopted Ind AS 116, Leases, using the modified retrospective application method. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹67.49 and a lease liability of ₹71.41. The cumulative effect of applying the standard, amounting to ₹2.94 was debited to retained earnings, net of taxes.

### The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the

Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the Right-of-use asset and Consolidated Statement of Profit and Loss depending upon the nature of modification. Where the carrying amount of the Right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in the Consolidated Statement of Profit and Loss.

### The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

### n. Inventories

All inventories except stores, spares, consumables and packaging material, are valued at lower of cost and net realisable value. Stores, spares and consumables and packing material held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

- **Raw material** - Cost has been ascertained on weighted average cost method.
- **Finished goods** - Cost has been ascertained on weighted average cost method.
- **Stores, spares and consumables** - Cost has been ascertained on FIFO basis.
- **Work in progress** - Cost has been ascertained on weighted average cost method basis.

- **Tradable goods** - Cost has been ascertained on moving weighted average basis.
- **Packaging material** - Cost has been ascertained on FIFO basis.

#### Cost of inventories comprises of the following:

- Raw material, stores, spares, consumable stores and packaging material: Cost includes purchase price, import duties and other taxes excluding taxes those are subsequently recoverable from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition.
- Finished goods and work in progress: Cost comprises cost of direct material, direct labour and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, but excluding borrowing costs.
- Tradable goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### o. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

#### p. Provision and contingencies

##### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### Contingencies

Contingent liabilities is identified and disclosed with respect to following:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are neither recognized nor disclosed, unless inflow of economic benefits is probable. However, when realization of income is virtually certain, related asset is recognized.

## q. Employee benefits

### Short term benefits

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

### Post-employment benefits and other long term employee benefits

**Provident Fund:** Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund administered by the Central Government under the Provident Fund Act, 1952, are charged to the consolidated statement of profit and loss for the year in which the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund. If the contribution payable to the scheme for service received before the consolidated balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the consolidated balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment.

**Gratuity:** The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising mainly of actuarial gains and losses, are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the consolidated statement of profit and loss in subsequent periods.

**Leave Encashment:** The Group operates a long-term leave encashment plan in India. Accrued liability for leave encashment including sick leave is determined on actuarial valuation basis using Projected Unit Credit (PUC) Method at the end of the year and provided completely in profit and loss account as per Ind AS - 19 "Employee Benefits".

## r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair

value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at FVTOCI and FVTPL

### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statement of profit and loss. The losses arising from impairment are recognised in the consolidated statement of profit and loss.

### Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the consolidated statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.

### Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the consolidated statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

### De-recognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balances
- Financial guarantee contracts which are not measured as at FVTPL
- Lease receivables under Ind AS 116

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables that do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial

instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the consolidated statement of profit and loss. This amount is reflected under the head 'other expenses' in the consolidated statement of profit and loss.

Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the consolidated balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the consolidated statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the consolidated statement of profit and loss. The Group has not designated any financial liability as at fair value through profit and loss.

## Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

This category generally applies to borrowings from banks.

## Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

## Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value

and subsequently measured at amortised cost using the effective interest method.

### **De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit and loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **Derivative financial instrument - Initial recognition and subsequent measurement**

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated statement of profit and loss.

### **s. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### **t. Cash flow statement**

The consolidated cash flow statement is prepared in accordance with the Indirect method. Consolidated Cash Flow Statement presents the cash flows by operating,

financing and investing activities of the Group. Operating cash flows are arrived by adjusting profit or loss before tax for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

For the purpose of Consolidated Cash flow statement, cash and cash equivalents consist of cash on hand and balances with banks in current accounts and short-term deposits with an original maturity of three months or less, and excludes balances maintained in cash credit accounts, as they are not considered to be an integral part of the Group's cash management.

### **u. Cash and cash equivalents**

Cash and cash equivalent in the consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### **v. Cash dividends to equity holders**

The Company recognises a liability to make cash distributions to equity holders when the dividend distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding reduction is recognised directly in equity.

### **w. Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

Vice Chairperson and Managing Director, Executive Director, President and Chief Financial Officer have been identified as Chief Operating Decision Maker. Refer note 50 for segment information.

## **4. Key accounting estimates, judgements and assumptions**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

### a. Defined benefit plans and other long-term benefit plan

The cost and present value of the defined benefit gratuity plan and leave encashment (other long-term benefit plan) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation and other long term benefits are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### b. Useful lives of depreciable and amortisable assets

Management reviews the useful lives of depreciable and amortisable assets at each reporting date, based on the expected utility of the assets to the Group.

### c. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

### d. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives.

### 5. Standards and recent pronouncements issued but not yet effective

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021.

Key amendments relating to Division II which relate to companies whose consolidated financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### Consolidated Balance Sheet:

- a. Lease liabilities to be disclosed separately under the head 'financial liabilities', duly distinguished as current or non-current.
- b. Certain additional disclosures in the Consolidated statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- c. Specified format for disclosure of shareholding of promoters.
- d. Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- e. Disclosure of amounts borrowed and utilised for other than the specific purposes .
- f. Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of Group, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### Consolidated Statement of profit and loss:

- g. Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the consolidated financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 6. Property, plant and equipment

	Land	Buildings	Leasehold improvements	Plant and equipment	Furniture and fixtures	Freshhold Office equipment	Leasehold Office equipment	Vehicles	Right-of-use assets	Total
<b>Gross Block</b>										
<b>Balance as at 31 March 2019</b>	535.50	1,184.84	3.13	3,377.47	22.73	75.82	34.84	54.82	-	5,289.15
Transition impact of Ind AS 116	-	-	-	-	-	-	(34.84)	-	102.33	67.49
Additions during the year	2.72	259.38	-	499.08	3.97	20.03	-	1.57	-	786.75
*Disposals/transfers during the year (refer note (c) below)	52.83	75.86	-	275.91	1.03	11.72	-	-	-	417.35
<b>Balance as at 31 March 2020</b>	485.39	1,368.36	3.13	3,600.64	25.67	84.13	-	56.39	102.33	5,726.04
Additions during the year	-	486.01	-	978.88	5.54	20.76	-	4.13	17.01	1,512.33
Disposals/transfers during the year	1.66	(9.04)	-	105.66	0.56	5.18	-	5.24	-	109.26
<b>Balance as at 31 March 2021</b>	483.73	1,863.41	3.13	4,473.86	30.65	99.71	-	55.28	119.34	7,129.11
<b>Accumulated depreciation</b>										
<b>Up to 31 March 2019</b>	-	109.40	0.30	519.88	6.21	12.17	11.98	19.14	-	679.08
Transition impact of Ind AS 116	-	-	-	-	-	-	(11.98)	-	11.98	-
Depreciation charge for the year	-	55.56	0.15	347.16	3.44	15.56	-	7.63	29.42	458.92
Adjustment for disposals/transfers (refer note (c) below)	-	4.37	-	93.50	0.45	5.50	-	-	-	103.82
Impairment loss	-	-	-	0.12	-	0.49	-	-	-	0.61
<b>Up to 31 March 2020</b>	-	160.59	0.45	773.66	9.20	22.72	-	26.77	41.40	1,034.79
Depreciation charge for the year	-	57.41	0.15	320.92	3.57	15.75	-	7.11	38.18	443.09
Adjustment for disposals/transfers	-	2.20	-	71.60	0.39	3.50	-	3.35	-	81.04
Impairment loss	-	-	-	16.98	0.06	1.15	-	-	-	18.19
<b>Up to 31 March 2021</b>	-	215.80	0.60	1,039.96	12.44	36.12	-	30.53	79.58	1,415.03
<b>Net carrying value</b>										
<b>As at 31 March 2020</b>	485.39	1,207.77	2.68	2,826.98	16.47	61.41	-	29.62	60.93	4,691.25
<b>As at 31 March 2021</b>	483.73	1,647.61	2.53	3,433.90	18.21	63.59	-	24.75	39.76	5,714.08

#### Notes:

- For details of assets pledged as security, refer note 19(a) to 19(b).
- Borrowing cost capitalised during the year ended 31 March 2021 is ₹12.58 (31 March 2020: ₹5.82).
- Include transfers made to Disposal group - Assets held for sale and Investment property. Gross block and accumulated depreciation of such assets aggregates to ₹257.64 and ₹24.32 respectively.
- Land includes asset valued at ₹17.21 (31 March 2020: ₹17.21) pending execution of sale deed in the name of the Group. The management is in the process of getting the sale deed executed and registered in the Group's name.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 7. Other intangible assets

Particulars	Com-puter software	Brand	Non-com-plete	Procure-ment network	Distribu-tion network	Total
<b>Gross Block</b>						
<b>Balance as at 31 March 2019</b>	<b>50.92</b>	<b>74.55</b>	<b>32.18</b>	<b>43.20</b>	<b>50.25</b>	<b>251.10</b>
Additions during the year	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>50.92</b>	<b>74.55</b>	<b>32.18</b>	<b>43.20</b>	<b>50.25</b>	<b>251.10</b>
Additions during the year	14.65	-	-	-	-	14.65
<b>Balance as at 31 March 2021</b>	<b>65.57</b>	<b>74.55</b>	<b>32.18</b>	<b>43.20</b>	<b>50.25</b>	<b>265.75</b>
<b>Accumulated amortization</b>						
<b>Up to 31 March 2019</b>	<b>20.14</b>	<b>64.37</b>	<b>21.13</b>	<b>17.02</b>	<b>19.80</b>	<b>142.46</b>
Amortization charge for the year	7.91	3.36	10.73	8.64	10.05	40.69
Impairment charge for the year	-	6.82	-	-	-	6.82
<b>Up to 31 March 2020</b>	<b>28.05</b>	<b>74.55</b>	<b>31.86</b>	<b>25.66</b>	<b>29.85</b>	<b>189.97</b>
Amortization charge for the year	<b>8.16</b>	-	<b>0.32</b>	<b>4.15</b>	<b>5.17</b>	<b>17.80</b>
Impairment charge for the year	-	-	-	9.12	9.91	<b>19.03</b>
<b>Up to 31 March 2021</b>	<b>36.21</b>	<b>74.55</b>	<b>32.18</b>	<b>38.93</b>	<b>44.93</b>	<b>226.80</b>
<b>Net carrying amount</b>						
<b>As at 31 March 2020</b>	<b>22.87</b>	<b>-</b>	<b>0.32</b>	<b>17.54</b>	<b>20.40</b>	<b>61.13</b>
<b>As at 31 March 2021</b>	<b>29.36</b>	<b>-</b>	<b>-</b>	<b>4.27</b>	<b>5.32</b>	<b>38.95</b>

### 8. Investment property

Particulars	Land	Building	Total
<b>Gross Block</b>			
<b>Balance as at 31 March 2019</b>	-	<b>41.05</b>	<b>41.05</b>
Transfers during the year	23.30	-	23.30
<b>Balance as at 31 March 2020</b>	<b>23.30</b>	<b>41.05</b>	<b>64.35</b>
Transfers during the year	-	(14.38)	(14.38)
<b>Balance as at 31 March 2021</b>	<b>23.30</b>	<b>26.67</b>	<b>49.97</b>
<b>Accumulated depreciation</b>			
<b>Up to 31 March 2019</b>	-	<b>4.12</b>	<b>4.12</b>
Depreciation charge for the year	-	1.72	1.72
<b>Up to 31 March 2020</b>	-	<b>5.84</b>	<b>5.84</b>
Depreciation charge for the year	-	1.37	1.37
Transfers during the year	-	(2.52)	(2.52)
<b>Up to 31 March 2021</b>	-	<b>4.69</b>	<b>4.69</b>
<b>Net carrying amount</b>			
<b>As at 31 March 2020</b>	<b>23.30</b>	<b>35.21</b>	<b>58.51</b>
<b>As at 31 March 2021</b>	<b>23.30</b>	<b>21.98</b>	<b>45.28</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	for the year ended	
	31 March 2021	31 March 2020
<b>(a) Information of net income derived from Investment property</b>		
Lease rental income	11.85	15.40
Less: Depreciation	1.37	1.72
<b>Net income from Investment property</b>	<b>10.48</b>	<b>13.68</b>
	<b>As at</b>	<b>As at</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>(b) Description of valuation technique and key assumptions used</b>		
Valuation technique: Discounted Cash Flow ("DCF") method		
Estimated rental value per square feet per month (in absolute ₹ terms)	18	18
Rental growth per annum	5%	5%
Discount rate	9.50%	9.50%
<b>(c) Changes in fair value of Investment property is shown below:</b>		
	<b>Amount</b>	
<b>Fair value as on 31 March 2019</b>	<b>322.18</b>	
Transferred from Property, plant and equipment during the year	23.30	
<b>Fair value as on 31 March 2020</b>	<b>345.48</b>	
Transferred to Property, plant and equipment during the year	(34.50)	
Increase in fair value of existing Investment property (refer note (ii) below)	36.70	
<b>Fair value as on 31 March 2021</b>	<b>347.68</b>	

### Notes:

- (i) Fair value of investment properties as on 31 March 2019 is based on valuation technique and key assumptions stated in note 8(b).
- (ii) Fair value of an investment property transferred during 2019-20 is reflected based on a valuation report by an independent valuer.

## 9. Investment in associate and joint venture

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Unquoted</b>		
<b>Investment in an associate</b>		
650,000 (31 March 2020: 650,000) equity shares of ₹10 each fully paid held in SKIL Raigam Power (India) Limited	6.50	6.50
Less: Share of accumulated and impairment losses	6.50	1.20
	-	<b>5.30</b>
<b>Investment in a joint venture</b>		
3,485,579 (31 March 2020: 2,280,299) equity shares of ₹10 each fully paid held in Heritage No-vandie Foods Private Limited	164.70	90.06
Less: Share of accumulated losses	35.64	13.56
	<b>129.06</b>	<b>76.50</b>
	<b>129.06</b>	<b>81.80</b>
Aggregate amount of unquoted investments	<b>129.06</b>	<b>81.80</b>
Aggregate amount of impairment in value of investments	<b>6.27</b>	<b>1.05</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 10. Investments

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non - Current</b>		
<b>Investments at fair value through other comprehensive income ("FVTOCI")</b>		
<b>Investments in equity instruments</b>		
117 quoted equity shares of ₹10 each fully paid held in Union Bank of India Limited (refer note (a) below)	0.00	0.00
1,740 (31 March 2020: 1,740) quoted equity shares of ₹2 each fully paid held in Bank of Baroda	0.13	0.09
Nil (31 March 2020: 4,462,855) quoted equity shares of ₹2 each fully paid held in Future Retail Limited (refer note 44 below)	-	349.45
Nil (31 March 2020: 223,093) quoted equity shares of ₹5 each fully paid held in Praxis Home Retail Limited (refer note 44 below)	-	10.27
200,000 (31 March 2020: 200,000) unquoted equity shares of ₹10 each fully paid held in Heritage Finlease Limited	2.60	2.60
	<b>2.73</b>	<b>362.41</b>
<b>Investments at fair value through profit or loss ("FVTPL")</b>		
<b>Investments in equity instruments</b>		
Nil (31 March 2020: 13,384,565) quoted equity shares of ₹2 each fully paid held in Future Retail Limited (refer note 44 below)	-	1,048.01
Nil (31 March 2020: 669,278) quoted equity shares of ₹5 each fully paid held in Praxis Home Retail Limited (refer note 44 below)	-	30.82
	-	<b>1,078.83</b>
<b>Investments at amortized cost</b>		
Investments in government securities	0.12	0.12
	<b>0.12</b>	<b>0.12</b>
	<b>2.85</b>	<b>1,441.36</b>
Aggregate market value of quoted investments	0.13	1,438.64
Aggregate value of unquoted investments	2.72	2.72
Note: (a) The Holding Company was allotted 117 fully paid equity shares in Union Bank of India Limited pursuant to its holding of 363 equity shares held in Andhra Bank Limited. Andhra Bank Limited was merged with the Union Bank of India Limited with effect from 1 April 2020.		
<b>Current</b>		
<b>Investments at amortized cost</b>		
Investments in government securities	0.04	0.04
	<b>0.04</b>	<b>0.04</b>
Aggregate market value of quoted investments	-	-
Aggregate value of unquoted investments	0.04	0.04

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 11. Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
<b>Unsecured, Considered good</b>		
Interest accrued but not due on bank deposits	0.07	0.74
Earmarked balances with banks	-	2.14
Margin money deposits with banks	0.48	2.36
	<b>0.55</b>	<b>5.24</b>
<b>Current</b>		
<b>Unsecured, Considered good</b>		
Interest accrued but not due on bank deposits	0.62	1.45
Rent receivable	3.07	2.75
Others	0.03	-
	<b>3.72</b>	<b>4.20</b>

### 12. Other assets

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
<b>Unsecured, Considered good</b>		
Capital advances	21.06	28.38
Prepaid expenses	0.82	0.71
	<b>21.88</b>	<b>29.09</b>
<b>Unsecured, Considered doubtful</b>		
Capital advances	2.52	2.52
Less: Allowance for doubtful capital advances	2.52	2.52
	-	-
	<b>21.88</b>	<b>29.09</b>
<b>Current</b>		
<b>Unsecured, Considered good</b>		
Balance with statutory authorities	19.49	17.16
Prepaid expenses	56.44	31.57
Advances to suppliers and others	70.06	117.79
	<b>145.99</b>	<b>166.52</b>
<b>Unsecured, Considered doubtful</b>		
Other advances	18.48	6.97
Less: Provision for doubtful advances	18.48	6.97
	-	-
	<b>145.99</b>	<b>166.52</b>

No advances are due from directors or other officers of the Group either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 41 for dues from related parties.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 13. Inventories

Particulars	As at	As at
	31 March 2021	31 March 2020
(at lower of cost or net realisable value)		
Raw materials (including goods in transit of ₹2.08 (31 March 2020: ₹70.87))	767.12	551.57
Work-in-progress	5.41	5.08
Semi finished goods	398.41	95.56
Finished goods (including goods in transit of ₹1.57 (31 March 2020: ₹0.77))	666.03	666.91
Stock-in-trade (including goods in transit of ₹0.09 (31 March 2020: ₹Nil))	27.42	16.77
Packing materials	77.35	73.69
Stores, spares and consumables	40.96	37.17
	<b>1,982.70</b>	<b>1,446.75</b>

### 14. Trade receivables

Particulars	As at	As at
	31 March 2021	31 March 2020
Unsecured, considered good	152.23	218.97
Unsecured, significant increase in credit risk	45.56	57.11
	<b>197.79</b>	<b>276.08</b>
Less: Allowance for trade receivables with significant increase in credit risk	45.56	57.11
Less: Expected credit loss	0.03	0.05
	<b>152.20</b>	<b>218.92</b>

The movement in the allowance for trade receivables with significant increase in the credit risk and expected credit loss for the year ended 31 March 2021 and 31 March 2020 is as follows:

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Opening balance at beginning of the year</b>	<b>57.16</b>	<b>55.81</b>
Provision made during the year	3.05	5.96
Bad debts written off during the year	14.62	4.61
<b>Closing balance at end of the year</b>	<b>45.59</b>	<b>57.16</b>

No trade receivable are due from directors or other officers of the Group either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member. Refer note 41 for dues from related parties.

### 15. Cash and Bank Balances

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>(i) Cash and cash equivalents</b>		
Balances with banks in current accounts	169.64	508.43
Deposits with original maturity up to 3 months	14.45	14.00
Cash on hand	33.05	35.91
Restricted cash	1.12	-
	<b>218.26</b>	<b>558.34</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	As at	
	31 March 2021	31 March 2020
(ii) Other bank balances		
Earmarked balances with banks		
Unpaid dividend	14.17	14.65
Other deposits	-	0.05
Margin money deposits with banks	3.13	2.42
Deposits with maturity up to 12 months	-	7.01
	<b>17.30</b>	<b>24.13</b>

### 16. Loans

Particulars	As at	
	31 March 2021	31 March 2020
<b>Non Current</b>		
<b>Unsecured, considered good</b>		
Security deposits	54.71	53.85
	<b>54.71</b>	<b>53.85</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Loans to employees	0.81	0.21
Loans to others	18.73	8.84
Security deposits	17.23	19.19
	<b>36.77</b>	<b>28.24</b>
<b>Unsecured, considered doubtful</b>		
Loans to others	0.58	1.04
Less: Allowance for doubtful loans	0.58	1.04
	-	-
	<b>36.77</b>	<b>28.24</b>

### 17. Equity share capital

#### i. Authorised share capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Equity shares of ₹5 each	9,60,00,000	480.00	9,60,00,000	480.00
Preference shares of ₹10 each	20,00,000	20.00	20,00,000	20.00
		<b>500.00</b>		<b>500.00</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### ii. Issued, subscribed and fully paid up

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Equity shares of ₹5 each	4,63,98,000	231.99	4,63,98,000	231.99
	<b>4,63,98,000</b>	<b>231.99</b>	<b>4,63,98,000</b>	<b>231.99</b>

### iii. Reconciliation of number of equity shares outstanding at the beginning and end of the year

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the beginning of the year	4,63,98,000	231.99	4,63,98,000	231.99
Changes during the year	-	-	-	-
<b>At the end of the year</b>	<b>4,63,98,000</b>	<b>231.99</b>	<b>4,63,98,000</b>	<b>231.99</b>

### iv. Rights, preferences and restrictions attached to equity shares

The Company has only one class of issued, subscribed and paid up equity shares having a par value of ₹5 each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

### v. Details of shareholders holding more than 5% equity shares in the Company

Name of the equity shareholders	As at 31 March 2021		As at 31 March 2020	
	Number	% Holding	Number	% Holding
N Bhuvaneswari	1,06,61,652	22.98%	1,06,61,652	22.98%
Nirvana Holdings Private Limited	51,45,684	11.09%	51,45,684	11.09%
Nara Lokesh	47,32,800	10.20%	47,32,800	10.20%
Megabid Finance & Investment Private Limited	24,47,600	5.28%	24,47,600	5.28%

vi. The Company has not issued any equity shares pursuant to contract without payment being received in cash or by way of bonus shares or bought back any equity shares during the last five years preceding the balance sheet date.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 18. Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Reserves and Surplus</b>		
Capital reserve	(14.97)	(14.97)
Capital redemption reserve	8.10	8.10
Securities premium	378.41	378.41
Warrants money appropriated	31.87	31.87
General reserve	842.74	842.74
Retained earnings	4,480.73	3,118.24
	<b>5,726.88</b>	<b>4,364.39</b>
<b>Item of OCI</b>		
Changes in fair value of equity instruments	(0.62)	(0.54)
	(0.62)	(0.54)
	<b>5,726.26</b>	<b>4,363.85</b>

#### Nature and purpose of reserves

##### Securities premium

The amount received in excess of face value of the equity shares is recognised in the securities premium. This reserve will be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013 ("the Act").

##### Capital reserve

The excess of net assets taken, over the consideration paid, as part of the business combinations have been recorded under the capital reserve during the earlier years.

##### Capital redemption reserve

Capital redemption reserve was created on buy back of equity shares in the earlier years. The Company uses capital redemption reserve in accordance with the provisions of the Act.

##### Warrants money appropriated

Warrants money appropriated represents forfeiture of share application money made during the earlier years.

##### General reserve

The reserve has arisen on transfer of a portion of the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Act.

##### Changes in fair value of equity instruments

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at FVTOCI, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

##### Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to the shareholders.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 19. Borrowings

Particulars	As at	
	31 March 2021	31 March 2020
<b>Non-current</b>		
<b>Secured</b>		
Term loans from banks (refer note a)	302.92	1,668.79
Deferred payment liabilities	37.48	53.46
	<b>340.40</b>	<b>1,722.25</b>
<b>Current</b>		
<b>Secured</b>		
Loans repayable on demand from banks (refer note b)	19.36	634.41
	<b>19.36</b>	<b>634.41</b>
<b>Unsecured</b>		
Loans repayable on demand from banks (refer note b)	-	250.00
	-	<b>250.00</b>
	<b>19.36</b>	<b>884.41</b>

(i) Reconciliation of liabilities arising from financial activities*	For the year ended	
	31 March 2021	31 March 2020
Balance at beginning of the year	2,107.15	1,968.74
Reclassified on transition to Ind AS 116	-	(22.74)
Proceeds from long term borrowings	282.52	533.58
Repayments of long term borrowings	(1,823.17)	(372.43)
Balance at end of the year	<b>566.50</b>	<b>2,107.15</b>

\*Includes only current and non-current portions of term loans from banks.

(ii) Reconciliation of interest accrued but not due on term loans from banks	For the year ended	
	31 March 2021	31 March 2020
Balance at beginning of the year	14.53	10.21
Interest expense for the year	154.92	183.19
Interest paid during the year	165.38	178.87
Balance at end of the year	<b>4.07</b>	<b>14.53</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 19(a) Terms and conditions of term loans from banks

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2021	31 March 2020			
1	Union Bank of India (earlier "Andhra Bank")	-	30.00	"One year MCLR +0.45% per annum"	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
2	Union Bank of India (earlier "Andhra Bank")	-	19.79	"One year MCLR +0.45% per annum"	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
3	Union Bank of India (earlier "Andhra Bank")	-	47.09	"One year MCLR +0.50% per annum"	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
4	Bank of Baroda	-	132.45	"One year MCLR +0.35% per annum"	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
5	Bank of Baroda	-	123.95	One year MCLR + premium +0.40% per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
6	Bank of Baroda	-	63.25	One year MCLR + premium +0.40% per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
7	HDFC Bank	-	75.92	One year MCLR per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
8	HDFC Bank	-	58.19	One year MCLR per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
9	HDFC Bank	-	100.89	One year MCLR per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
10	HDFC Bank	-	49.90	"One year MCLR +0.15% per annum"	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
11	HDFC Bank	77.35	180.35	"One year MCLR +0.50% per annum"	Repayable in 24 quarterly installments commenced from March 2020 and ending in December 2025. The Group has prepaid the entire outstanding borrowing in April 2021.	Subservient charge on movable fixed assets of the Group.
12	HDFC Bank	107.94	85.77	"One year MCLR +0.50% per annum"	Repayable in 24 quarterly installments commenced from December 2020 and ending in September 2026. The Group has prepaid the entire outstanding borrowing in April 2021.	"- First pari passu charge on entire fixed assets of the Group. - Second pari passu charge on current assets of the Group."

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2021	31 March 2020			
13	Kotak Mahindra Bank	-	232.97	One year MCLR + spread per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
14	Kotak Mahindra Bank	-	124.37	One year MCLR + spread per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
15	Kotak Mahindra Bank	50.89	-	One year MCLR + spread per annum	The loan has been swapped with Yes Bank during the year ended 31 March 2021. Repayable in 16 quarterly installments commenced from September 2020 and ending in June 2024.	-Exclusive charge on assets financed by the loan taken.
16	Kotak Mahindra Bank	229.38	-	One year MCLR + spread per annum	The loan has been swapped with Yes Bank during the year ended 31 March 2021. Repayable in 24 quarterly installments commenced from November 2020 and ending in August 2026.	-Exclusive charge on assets financed by the loan taken.
17	Kotak Mahindra Bank	100.94	122.19	Three months MCLR+ spread per annum	Repayable in 24 quarterly installments commenced from March 2020 and ending in December 2025.	"- Equitable mortgage on land and building located at Mallavalli village, Krishna District. - Exclusive charge on movable fixed assets located at Mallavalli plant and by second charge on all current assets of the feed division."
18	Yes Bank	-	67.03	One year MCLR per annum	Repayable in 24 quarterly installments commenced from September 2018 and ending in June 2024. The loan has been swapped with Kotak Bank during the year ended 31 March 2021.	-Exclusive charge on assets financed by the loan taken.
19	Yes Bank	-	94.35	One year MCLR per annum	Repayable in 24 quarterly installments commenced from November 2020 and ending in August 2026. The loan has been swapped with Kotak Bank during the year ended 31 March 2021.	-Exclusive charge on assets financed by the loan taken.
20	ICICI Bank	-	152.78	One year IMCLR + spread per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
21	ICICI Bank	-	69.53	One year IMCLR + spread per annum	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
22	ICICI Bank	-	44.81	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

S. No	Name	Outstanding balance as on*		Interest rate (%)	Repayment terms	Type of security
		31 March 2021	31 March 2020			
23	ICICI Bank	-	40.24	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
24	ICICI Bank	-	43.14	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
25	ICICI Bank	-	148.19	One year IMCLR + spread per annum + applicable interest tax or other statutory levy, if any.	The loan was pre-paid in full during the year ended 31 March 2021.	The security on the underlying loan was discharged on pre-payment of the loan during the year ended 31 March 2021.
		<b>566.50</b>	<b>2,107.15</b>			

\*Including current maturities of term loans from banks.

### 19(b) Terms and conditions of loans repayable on demand from banks

S. No	Name	Outstanding balance as on		Interest rate (%)	Repayment terms	Type of security
		31 March 2021	31 March 2020			
1	Bank of Baroda	-	223.98	One year MCLR + 0.4% per annum	Repayable on demand	First pari passu charge on current assets and second pari passu charge on fixed assets of the Group, excluding project-specific assets.
2	Union Bank of India (earlier "Andhra Bank")	-	155.97	One year MCLR + 0.6% per annum	Repayable on demand	First pari passu charge on current assets and second pari passu charge on fixed assets of the Group, excluding project-specific assets.
3	ICICI Bank	4.69	201.78	Six months IMCLR + spread per annum	Repayable on demand	First pari passu charge on current assets and second pari passu charge on fixed assets of the Group, excluding project-specific assets.
4	HDFC Bank	-	250.00	Six months MCLR per annum	The loan has been repaid during the year ended March 2021.	Unsecured loan given by the bank.
5	Kotak Mahindra Bank	-	20.00	9.05% per annum	Repayable in 90 days	First charge on present and future current assets of the feed division of the Group.
6	Kotak Mahindra Bank	14.67	32.68	One year MCLR + spread per annum	Repayable on demand	First charge on present and future current assets of the feed division of the Group.
		<b>19.36</b>	<b>884.41</b>			

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 20. Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Lease liabilities (refer note 43)	22.36	36.09
Financial guarantee (refer note (i) below)	8.77	3.24
	<b>31.13</b>	<b>39.33</b>
<b>Current</b>		
Current maturities of deferred payment liabilities	15.99	12.87
Current maturities of term loans from banks	263.58	438.36
Current maturities of financial guarantee (refer note (i) below)	2.16	0.58
Interest accrued but not due on borrowings	4.07	14.53
Freight payable	122.33	107.31
Capital creditors	186.26	211.87
Employee related payables	343.86	146.62
Security deposits	310.69	305.16
Unpaid dividend	14.17	14.65
Lease liabilities (refer note 43)	22.51	29.40
Other payables	210.80	234.66
	<b>1,496.42</b>	<b>1,516.01</b>

#### Note:

The Group has an outstanding guarantee given to a banker towards loan availed by its joint venture i.e. Heritage Novandie Foods Private Limited. The carrying amount of such financial guarantee as at 31 March 2021 is ₹10.93 (31 March 2020: ₹3.82). Amount outstanding to the banker by Heritage Novandie Foods Private Limited as at 31 March 2021 is ₹149.54 (31 March 2020: ₹56.52).

### 21. Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Compensated absences	103.73	82.01
	<b>103.73</b>	<b>82.01</b>
<b>Current</b>		
Gratuity (refer note a below)	2.06	5.33
Compensated absences	125.66	107.14
	<b>127.72</b>	<b>112.47</b>

#### (a) Gratuity

The Group provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit in accordance with the Payment of Gratuity Act, 1972.

(i) Change in projected benefit obligation	As at 31 March 2021	As at 31 March 2020
Projected benefit obligation at the beginning of the year	116.32	91.95
Service cost	14.97	12.06
Interest cost	6.84	6.30
Actuarial loss	5.09	9.38
Benefits paid	(3.92)	(3.37)
Projected benefit obligation at the end of the year	<b>139.30</b>	<b>116.32</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

(ii) Change in fair value of plan assets	As at	
	31 March 2021	31 March 2020
Fair value of plan assets at the beginning of the year	113.57	83.83
Interest income	7.36	6.60
Contribution made	23.17	24.92
Actuarial gain/(loss)	(0.04)	1.59
Benefits paid	(3.92)	(3.37)
<b>Fair value of plan assets at the end of the year</b>	<b>140.14</b>	<b>113.57</b>
(iii) Reconciliation of present value of projected benefit obligation and fair value of plan assets	As at	
	31 March 2021	31 March 2020
Present value of projected benefit obligation	139.30	116.32
Funded status of plan assets	140.14	113.57
<b>Liability recognised in the Consolidated Balance Sheet</b>	<b>2.06</b>	<b>5.33</b>
<b>Asset recognised in the Consolidated Balance Sheet</b>	<b>2.90</b>	<b>2.58</b>
(iv) Expense recognized in the Consolidated Statement of Profit and Loss	For the year ended	
	31 March 2021	31 March 2020
Interest cost	6.84	6.30
Service cost	14.97	12.06
Interest income	(7.36)	(6.60)
	<b>14.45</b>	<b>11.76</b>
(v) Expense recognized in OCI	For the year ended	
	31 March 2021	31 March 2020
Actuarial loss, net	5.13	7.79
	<b>5.13</b>	<b>7.79</b>
(vi) Key actuarial assumptions	As at	
	31 March 2021	31 March 2020
Discount rate	4.90% - 5.90%	5.30% - 6.00%
Salary escalation rate	8.00%	8.00%
Attrition rate	15%- 30%	15%- 30%

### (vii) Sensitivity analysis

Reasonably possible changes as at 31 March 2021 to one of the relevant actuarial assumptions, holding other assumptions constant, can affect the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2021	
	Increase	Decrease
Discount rate (1% movement)	(6.43)	7.13
Salary escalation rate (1% movement)	6.55	(6.08)
Attrition rate (1% movement)	(0.94)	1.01

(viii) The Group expects to contribute ₹2.06 as its contribution to gratuity within one year from the year ended 31 March 2021.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

(ix) Maturity analysis of Gratuity as on 31 March 2021 is as follows:

	Amount
Within one year	26.95
Within two to five years	87.03
More than five years	113.61
	<b>227.59</b>

### 22. Deferred tax liabilities (net)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Deferred tax liabilities arising on account of:</b>		
Borrowings measured at amortised cost	0.81	1.63
Right-of-use assets	0.23	-
Property, Plant and Equipment ("PPE")	332.30	309.19
	<b>333.34</b>	<b>310.82</b>
<b>Deferred tax assets arising on account of:</b>		
Provision for trade receivables & advances and unrealised gain on inventories	(20.21)	(18.16)
Provision for employee benefits	(62.08)	(52.66)
Minimum alternate tax ("MAT") credit entitlement	(9.86)	(4.53)
Revaluation of investments at FVTOCI to fair value	(0.62)	(0.62)
Lease liabilities	-	(0.99)
Unabsorbed tax depreciation (refer note (a) below)	-	(10.28)
	<b>(92.77)</b>	<b>(87.24)</b>
	<b>240.57</b>	<b>223.58</b>

#### Note:

- (a) The Group has unrecognised deferred tax asset on account of unabsorbed tax depreciation aggregating to ₹Nil as on 31 March 2021 (31 March 2020: ₹3.74) which have been not recognised on the grounds of prudence.

#### Movement in deferred tax liabilities, net

Particulars	PPE	Provision for employee benefits	MAT credit entitlement	Others	Total
<b>As at 31 March 2019</b>	<b>349.06</b>	<b>(55.20)</b>	<b>(13.16)</b>	<b>(17.26)</b>	<b>263.44</b>
Transition impact of Ind AS 116	-	-	-	(0.99)	(0.99)
Adjustment on account of change in tax provision of earlier year	-	-	(4.43)	-	(4.43)
Charged/ recognised					
- to Statement of Profit and Loss	(39.87)	4.50	13.06	(10.17)	(32.48)
- to OCI	-	(1.96)	-	-	(1.96)
<b>As at 31 March 2020</b>	<b>309.19</b>	<b>(52.66)</b>	<b>(4.53)</b>	<b>(28.42)</b>	<b>223.58</b>
Charged/ recognised					
- to Statement of Profit and Loss	23.11	(8.13)	(5.33)	8.63	18.28
- to OCI	-	(1.29)	-	-	(1.29)
<b>As at 31 March 2021</b>	<b>332.30</b>	<b>(62.08)</b>	<b>(9.86)</b>	<b>(19.79)</b>	<b>240.57</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 23. Other liabilities

Particulars	As at	
	31 March 2021	31 March 2020
<b>Current</b>		
Advances from customers	31.37	39.74
Capital advances	9.10	-
Statutory dues payable	38.68	40.61
	<b>79.15</b>	<b>80.35</b>

### 24. Trade payables

Particulars	As at	
	31 March 2021	31 March 2020
Total outstanding dues of micro and small enterprises (refer note 46)	35.14	53.06
Total outstanding dues of creditors other than micro and small enterprises	319.45	546.42
	<b>354.59</b>	<b>599.48</b>

### 25. Revenue from operations

Particulars	For the year ended	
	31 March 2021	31 March 2020
Sale of products	24,708.39	27,234.95
Sale of services	18.46	7.32
Other operating income		
- Sale of renewable energy certificates	0.52	7.09
- Scrap sales and others	3.76	9.68
	<b>24,731.13</b>	<b>27,259.04</b>

#### (i) Reconciliation of revenue from sale of products with the contracted price

Particulars	For the year ended	
	31 March 2021	31 March 2020
Revenue as per contracted price	25,728.84	28,231.89
Adjusted for:		
Discounts	(1,002.86)	(982.31)
Sales returns	(17.59)	(14.63)
<b>Total revenue from contracts with customers</b>	<b>24,708.39</b>	<b>27,234.95</b>

#### (ii) Revenue disaggregation geography wise is as follows:

Particulars	For the year ended	
	31 March 2021	31 March 2020
India	24,731.13	27,151.96
Other than India	-	107.08
	<b>24,731.13</b>	<b>27,259.04</b>

#### Notes :

- A receivable is a right to consideration that is unconditional upon passage of time. The Group sells goods on cash on delivery or advance payment terms. In case of customers where credit is allowed, the same is disclosed under note 14 to the consolidated financial statements.
- The Group has no single customer from whom the revenue is more than 10% of the revenue from operations for the year ended 31 March 2021 and 31 March 2020.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 26. Other income

Particulars	For the year ended	
	31 March 2021	31 March 2020
Interest income		
- Bank and other deposits	2.57	6.43
- Guarantee income	1.23	0.24
- Others	0.25	0.13
Dividend income on long term investments	-	0.40
Subsidy transferred from deferred government grant (under capital subsidy scheme)	0.49	0.14
Lease rental income	12.31	15.60
Provisions no longer required/ credit balances written back	18.27	23.07
Gain on sale of Property, plant and equipment (net)	17.77	-
Gain on foreign exchange fluctuations, net	0.63	2.42
Other non operating income	26.81	40.24
	<b>80.33</b>	<b>88.67</b>

### 27. Cost of materials consumed

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Raw Material*</b>		
Opening stock	551.57	629.63
Add: Purchases during the year	17,937.63	21,345.41
Less: Closing stock	767.12	551.57
	<b>17,722.08</b>	<b>21,423.47</b>
<b>Packing Material*</b>		
Opening stock	73.69	72.05
Add: Purchases during the year	701.34	841.58
Less: Closing stock	77.35	73.69
	<b>697.68</b>	<b>839.94</b>
	<b>18,419.76</b>	<b>22,263.41</b>

\*Disclosed based on derived figures, rather than actual records of issue.

### 28. Changes in inventories of finished goods, semi finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended	
	31 March 2021	31 March 2020
Opening balance		
- Finished goods	666.91	477.98
- Semi finished goods	95.56	142.96
- Work-in-progress	5.08	10.64
- Stock-in-trade	16.77	15.21
	<b>784.32</b>	<b>646.79</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended	
	31 March 2021	31 March 2020
Closing balance		
- Finished goods	666.03	666.91
- Semi finished goods	398.41	95.56
- Work-in-progress	5.41	5.08
- Stock-in-trade	27.42	16.77
	<b>1,097.27</b>	<b>784.32</b>
	<b>(312.95)</b>	<b>(137.53)</b>

### 29. Employee benefits expense

Particulars	For the year ended	
	31 March 2021	31 March 2020
Salaries and wages	1,572.26	1,365.10
Contribution to provident and other funds (refer note a below)	72.00	71.46
Gratuity expense (refer note 21(a)(iv))	14.45	11.76
Compensated absences expense	74.85	76.12
Staff welfare expenses	45.31	39.46
	<b>1,778.87</b>	<b>1,563.90</b>

(a) The amount recognized as an expense towards contribution to provident fund and employee state insurance schemes for the year ended 31 March 2021 amounts to ₹72.00 (31 March 2020: ₹71.46).

### 30. Finance costs

Particulars	For the year ended	
	31 March 2021	31 March 2020
Interest on borrowings calculated using effective interest method	176.88	215.40
Interest on income tax	2.87	0.26
Interest on lease liabilities (refer note 43)	5.86	3.14
Other borrowing costs	6.19	7.54
	<b>191.80</b>	<b>226.34</b>

### 31. Other expenses

Particulars	For the year ended	
	31 March 2021	31 March 2020
Consumption of stores and spares and consumables	210.31	239.24
Power and fuel	346.36	367.69
Rent	20.77	31.39
Repairs and maintenance		
- Buildings	6.02	10.70
- Plant and equipment	26.15	31.13

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended	
	31 March 2021	31 March 2020
- Others	57.38	58.88
Insurance	21.42	15.81
Electricity charges	9.18	10.56
Rates and taxes, excluding taxes on income	23.83	35.50
Freight outwards	699.50	832.44
Communication	19.32	19.23
Office maintenance	6.18	6.12
Travelling and conveyance	26.07	57.76
Legal and professional fees	129.65	123.94
Loss on sale of Property, plant and equipment (net)	-	7.06
Property, plant and equipment written off	6.18	-
Payment to auditors (refer note (i) below)	9.13	8.39
Corporate social responsibility (CSR) expenditure (refer note (ii) below)	20.64	22.28
Selling and distribution expenses	95.40	145.60
Provision for doubtful advances	11.82	-
Provision towards doubtful debts	3.05	5.96
Bank charges	14.36	14.95
Advertisement expenses	8.23	1.44
Security charges	51.81	47.80
Miscellaneous expenses	44.21	62.88
	<b>1,866.97</b>	<b>2,156.75</b>

(i) Details of payments to auditors:	For the year ended	
	31 March 2021	31 March 2020
<b>As auditor:</b>		
- Statutory audit fee	5.44	5.10
- Tax audit fee	0.97	0.92
- Limited review fee	2.04	1.95
<b>In other capacities:</b>		
- Taxation matters	0.17	0.13
- Certification fees	0.48	0.13
- Reimbursement of expenses	0.03	0.16
	<b>9.13</b>	<b>8.39</b>

(ii) Details of CSR expenditure:	For the year ended	
	31 March 2021	31 March 2020
(a) Gross amount required to be spent during the year	20.64	22.28
(b) Amount spent during the year	20.64	22.28

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 32. Income tax expense

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>(a) Tax expense comprises of:</b>		
Current income tax	516.40	185.94
Deferred tax expense/(benefit)	18.28	(32.48)
Income tax expense reported in the Consolidated Statement of Profit and loss	<b>534.68</b>	<b>153.46</b>
Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Income tax expense attributable to:</b>		
Continuing operations	534.68	153.46
Discontinued operations	-	-
	<b>534.68</b>	<b>153.46</b>

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Holding Company at 25.168% (31 March 2020: 25.168%) and the reported tax expense in the Consolidated Statement of Profit and Loss is as follows:

#### Reconciliation of income tax expense and the accounting profit/(loss) multiplied by India's tax rate:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Profit/ (loss) before tax from continuing operations	2,025.18	(1,533.77)
Loss before tax from discontinued operations	(7.49)	(6.77)
<b>Expected income tax expense at the Indian tax rate 25.168% (31 March 2020: 25.168%)</b>	<b>507.81</b>	<b>(387.72)</b>
<b>Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:</b>		
Effect of deductions allowed under Chapter VI-A of the Income Tax Act, 1961 ("IT Act, 1961)	(4.86)	(7.29)
Effect of expenses not deductible under the IT Act, 1961	18.03	1,295.57
Effect of income not subject to tax under the IT Act, 1961	(0.91)	(741.82)
Effect on adoption of Taxation Laws (Amendment) Ordinance, 2019	-	(41.01)
Others	14.61	35.73
<b>Income tax expense</b>	<b>534.68</b>	<b>153.46</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 33. Earnings per equity share (EPES)

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Attributable to Owners of the Company</b>		
Profit/(loss) from continuing operations	1,499.48	(1,603.12)
Profit from discontinued operations	-	-
<b>Profit/(loss) for the year</b>	<b>1,499.48</b>	<b>(1,603.12)</b>
Weighted average number of equity shares outstanding during the year	4,63,98,000	4,63,98,000
<b>Earnings per equity share (in absolute ₹ terms)</b>		
Nominal value per equity share	5.00	5.00
Basic and Diluted EPES from continuing operations	32.32	(34.55)
Basic and Diluted EPES from discontinued operations	-	-
Basic and Diluted EPES from continuing and discontinued operations	32.32	(34.55)

The Company does not have any potential dilutive equity shares as on 31 March 2021 and 31 March 2020.

### 34. Dividend proposed before approval or issue of the financial statements

The amount of dividend proposed or declared to be paid in cash before the financial statements were approved for issue but not recognised as a distribution to owners during the year ended 31 March 2021 amounts to ₹231.99 (₹5 per equity share) (31 March 2020: ₹116.00 (₹2.5 per equity share)).

### 35. Fair value hierarchy

(i) Financial assets and financial liabilities at fair value on a recurring basis as of the reporting dates are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Financial assets		
Fair value hierarchy (Level 1)		
Quoted equity shares	0.13	1,438.64
Fair value hierarchy (Level 3)		
Unquoted equity shares	2.60	2.60

There are no transfers between levels during the current year and previous year ended 31 March 2021 and 31 March 2020 respectively. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

(ii) Valuation technique and inputs used for level 3 instruments:

The fair value of the level 3 instruments has been estimated using the discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecasting of cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimate of the fair value for these level 3 instruments.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2021 and 31 March 2020 are as shown below:

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Significant unobservable inputs*	Assumption made	Sensitivity of the inputs
Future growth rate	3%	5% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by ₹0.89/(₹0.89) as on 31 March 2021 and 31 March 2020.
Discount rate	20%	5% increase/ (decrease) in the discount rate would result in (decrease)/ increase in fair value by (₹0.72)/₹0.72 as on 31 March 2021 and 31 March 2020.
Discount for lack of marketability (DFLM)	15%	5% increase/ (decrease) in the DFLM would result in (decrease)/ increase in fair value by (₹0.15)/₹0.15 as on 31 March 2021 and 31 March 2020.

\*keeping all other inputs constant.

### (iii) Reconciliation of level 3 fair value measurement:

	Amount
<b>As at 1 April 2019</b>	2.60
Changes during the year	-
<b>As at 31 March 2020</b>	2.60
Changes during the year	-
<b>As at 31 March 2021</b>	<b>2.60</b>

## 36. Categories of Financial instruments and their fair values

The carrying amount of all financial assets and financial liabilities appearing in the financial statements are reasonable approximation of their fair values, except for deferred payment liabilities whose fair value amounts to ₹46.36 and ₹54.28 as on 31 March 2021 and 31 March 2020 respectively.

### Categories of financial instruments

Particulars	As at 31 March 2021			As at 31 March 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
Quoted equity shares	-	0.13	-	1,078.83	359.81	-
Unquoted equity shares	-	2.60	-	-	2.60	-
Investment in government securities	-	-	0.16	-	-	0.16
Trade receivables	-	-	152.20	-	-	218.92
Cash and cash equivalents	-	-	218.26	-	-	558.34
Other bank balances	-	-	17.30	-	-	24.13
Loans	-	-	91.48	-	-	82.09
Other financial assets	-	-	4.27	-	-	9.44
	-	<b>2.73</b>	<b>483.67</b>	<b>1,078.83</b>	<b>362.41</b>	<b>893.08</b>

Particulars	As at 31 March 2021			As at 31 March 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial liabilities</b>						
Borrowings	-	-	585.86	-	-	2,991.56
Deferred payment liabilities	-	-	53.47	-	-	66.33
Trade payables	-	-	354.59	-	-	599.48
Other financial liabilities	-	-	1,247.98	-	-	1,104.11
	-	-	<b>2,241.90</b>	-	-	<b>4,761.48</b>

The fair value of the financial assets and financial liabilities are included at an amount at which the instruments could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 37. Financial risk management objectives and policies

#### Financial Risk Management Framework

The Group's Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Holding Company's Board of Directors has established Risk Management Committee, which is responsible for developing and monitoring the risk management policies. The Committee reports regularly to the Holding Company's Board of Directors on its activities.

The Group's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments in equity shares, loans, trade and other receivables, and cash and cash equivalents that the Group derives directly from its operations. The Group also holds FVTOCI/FVTPL investments and enters into derivative transactions.

The Group is exposed primarily to Credit risk, Liquidity risk and Market risk (fluctuations in interest rates, foreign currency rates, and prices of equity instruments), which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

#### A. Credit risk

Credit risk is the risk that the counterparty shall not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of the creditworthiness as well as concentration of risks. Credit risk arises primarily from financial assets such as trade receivables, investment in equity shares, balances with banks, loans and other receivables.

Credit risk is controlled by analyzing credit limits and creditworthiness of the customers on a continuous basis to whom credits have been granted after obtaining necessary approvals. Financial instruments that are subject to concentration of credit risk principally consist of trade receivables, investments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹486.40 and ₹2,334.32 as of 31 March 2021 and 31 March 2020 respectively, representing carrying amount of all financial assets with the Group.

#### Financial assets that are neither past due nor impaired

None of the Group's cash equivalents, including fixed deposits, were either past due or impaired as at 31 March 2021 and 31 March 2020.

#### Financial assets that are past due but not impaired

The Group's credit period for customers generally ranges from 0 - 30 days. The aging of trade receivables, net of those provided for in the books of account, is given below:

Particulars	As at 31 March 2021	As at 31 March 2020
0-30 days	149.38	173.02
31-60 days	2.82	44.67
61-90 days	-	0.03
Greater than 90 days	-	1.20
	<b>152.20</b>	<b>218.92</b>

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each date of Balance Sheet whether a financial asset or a group of financial assets are impaired. Expected credit losses are measured at an amount equal to 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial assets have increased significantly since the initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward-looking information.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### B. Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations as and when they become due. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure that funds are available for meeting due obligations of the Group. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and financial liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at 31 March 2021	On demand	Up to 1 year	More than 1 year	Total
Financial guarantees	149.54	-	-	149.54
Borrowings	19.36	263.58	302.92	585.86
Deferred payment liabilities	-	15.99	37.48	53.47
Trade payables	-	354.59	-	354.59
Other financial liabilities	-	1,218.51	27.03	1,245.54
	<b>168.90</b>	<b>1,852.67</b>	<b>367.43</b>	<b>2,389.00</b>

As at 31 March 2020	On demand	Up to 1 year	More than 1 year	Total
Financial guarantees	56.52	-	-	56.52
Borrowings	884.41	438.36	1,668.79	2,991.56
Deferred payment liabilities	-	12.87	53.46	66.33
Trade payables	-	599.48	-	599.48
Other financial liabilities	-	1,069.41	38.01	1,107.42
	<b>940.93</b>	<b>2,120.12</b>	<b>1,760.36</b>	<b>4,821.31</b>

### C. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in the market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term borrowings. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks such as equity price risk.

#### i. Interest risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument shall fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term obligations with floating interest rates.

For the years ended 31 March 2021 and 31 March 2020, every 50 basis point decrease in the floating interest rate component applicable to the Group's long-term borrowings would have increase/(decrease) the profit/(loss) before tax by approximately ₹5.63 and ₹6.50 respectively. A 50 basis point increase in floating interest rate would have led to an equal but opposite effect.

#### ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure shall fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating and investing activities (when revenue or expense including capital expenditure is denominated in a foreign currency). The exposure of foreign currency risk to the Group is low as it enters very limited transactions in foreign currencies.

The carrying amounts of the Group's unhedged foreign currency denominated monetary items in ₹ terms as at 31 March 2021 and 31 March 2020 are as follows:

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### Financial liabilities- Capital creditors

	As at 31 March 2021	As at 31 March 2020
- EURO	2.70	-

### Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in EURO exchange rate, with all other variables held constant.

Particulars	Impact on profit/(loss) before tax for the year ended	
	31 March 2021	31 March 2020
EURO sensitivity		
₹/EURO - Increase by 5%	(0.14)	-
₹/EURO - Decrease by 5%	0.14	-

### iii. Equity price risk:

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹2.60 (31 March 2020: ₹2.60). Sensitivity analyses of these investments have been provided in Note 35.

At the reporting date, the exposure to listed equity securities at fair value was ₹0.13 (31 March 2020: ₹1,438.64). A decrease of 5% in market price of the securities, which are measured at FVTPL, would have an adverse impact of ₹Nil (31 March 2020: ₹53.94) on the Statement of Profit and loss of the Group, and an increase in prices, a visa versa impact. Further decrease of 5% in market price of the securities, which are measured at FVTOCI, would have an adverse impact of ₹0.01 (31 March 2020: ₹17.99) on the OCI of the Group, and an increase in prices, a visa versa impact.

## 38. Capital risk management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio up to 35%. The Group includes within net debt, borrowings from banks less cash and cash equivalents. Borrowings from banks comprise of term loans and loans repayable on demand.

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings from banks (note 19 and 20)	585.86	2,991.56
Less: Cash and cash equivalents (note 15(i))*	(217.14)	(558.34)
<b>Net debt (A)</b>	<b>368.72</b>	<b>2,433.22</b>
<b>Total equity (B)</b>	<b>5,963.13</b>	<b>4,617.36</b>
Net debt and total equity (A) + (B)	6,331.85	7,050.58
<b>Gearing ratio (%)</b>	<b>5.82%</b>	<b>34.51%</b>

\*excluding restricted cash

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings. Breaches in meeting the financial covenants would permit the lenders to immediately call back the borrowings. There was no breach in the financial covenants of any borrowings during the year ended 31 March 2021. Further there is no impact on the consolidated financial statements due to breach in a financial covenant attached to the borrowing of the Group during the previous year ended 31 March 2020.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 39. Disclosure of Interest in Joint venture and associate:

Particulars	Nature of relationship	Country of Incorporation	Ownership interest (%)	
			As at 31 March 2021	As at 31 March 2020
SKIL Raigam Power (India) Limited	Associate	India	44.22%	44.83%
Heritage Novandie Foods Private Limited	Joint venture	India	50.00%	50.00%

40. The Holding company has extended no loans or advances to its associate during the year ended 31 March 2021 and 31 March 2020.

### 41. Related party disclosures

#### (a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Heritage Novandie Foods Private Limited ("HNFPL")	Joint Venture
Heritage Finlease Limited	
NTR Memorial Trust	Enterprise over which KMP exercise significant influence
Megabid Finance & Investment Private Limited	
Nirvana Holdings Private Limited	Entity belonging to Promoter Group and holding 10% or more share holding in the Company
N Bhuvanewari N Brahmani M Sambasiva Rao A Prabhakara Naidu Umakanta Barik	Key Managerial Personnel (KMP)

#### (b) Transactions with related parties

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>(i) Heritage Novandie Foods Private Limited</b>		
Investment made (including financial guarantee)	74.64	-
Sale of products	0.10	-
Financial guarantee income	1.23	0.24
Lease rental income	0.95	0.95
Rent deposit received	-	0.45
Reimbursement of insurance proceeds received on behalf of HNFPL	-	0.02
Expenditure incurred on behalf of HNFPL	1.86	0.10
<b>(ii) Heritage Finlease Limited</b>		
Dividend received	-	0.40
Remittance of loan proceeds collected on behalf of Heritage Finlease Limited	1,012.12	737.39
Disbursement of loans to employees of the Company	17.92	9.68
Cattle loan facilitation charges	2.03	1.54
Lease rental income	0.05	0.05

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

<b>(iii) Nirvana Holdings Private Limited</b>		
Dividend paid	12.86	10.29
Lease rental income	0.05	0.05
<b>(iv) NTR Memorial Trust</b>		
CSR expenditure	9.98	22.28
Others	0.13	-
<b>(v) Megabid Finance &amp; Investment Private Limited</b>		
Lease rental income	0.02	-
<b>(vi) N Bhuvanewari</b>		
Short-term employee benefits	110.87	39.98
Post-employment benefits	0.93	1.30
Other long-term benefits	0.87	0.87
<b>(vii) N Brahmani</b>		
Short-term employee benefits	88.69	32.00
Post-employment benefits	0.47	0.65
<b>(viii) M Sambasiva Rao</b>		
Short-term employee benefits	35.03	21.98
Post-employment benefits	0.69	0.69
Other long-term benefits	1.24	-
<b>(ix) A Prabhakara Naidu</b>		
Short-term employee benefits	6.24	5.66
Post-employment benefits	0.32	0.31
Other long-term benefits	0.43	0.31
<b>(x) Umakanta Barik</b>		
Short-term employee benefits	3.10	2.81
Post-employment benefits	0.16	0.15

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### (c) Balances receivable/(payable)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Heritage Finlease Limited</b>		
Loan proceeds payable	(8.14)	(29.77)
Other receivables	0.24	0.18
<b>(ii) Heritage Novandie Foods Private Limited</b>		
Other receivables	0.36	0.18
Other payables	(0.45)	(0.45)
<b>(iii) Nirvana Holdings Private Limited</b>		
Other receivables	0.05	0.08
<b>(iv) Megabid Finance &amp; Investment Private Limited</b>		
Other receivables	0.02	-
<b>(v) N Bhuvanewari</b>		
Short-term employee benefits payable	(92.80)	(20.36)
<b>(vi) N Brahmani</b>		
Short-term employee benefits payable	(78.89)	(22.20)
<b>(vii) M Sambasiva Rao</b>		
Short-term employee benefits payable	(21.73)	(9.22)

#### Notes:

- The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: ₹Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which such parties operates.
- As at 31 March 2021, the Group has an outstanding guarantee given to a banker towards loan availed by its joint venture i.e. Heritage Novandie Foods Private Limited. Amount outstanding to banker by Heritage Novandie Foods Private Limited as at 31 March 2021 is ₹149.54 (31 March 2020: ₹56.52).
- Post-employment and other long-term benefits, disclosed above, does not include those benefits which are computed for the Company as a whole.

## 42. Contingent liabilities and commitments

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(a) Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	57.47	272.18
<b>Note:</b> Refer note 48(d) for commitments in respect of a joint venture.		

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	As at	
	31 March 2021	31 March 2020
<b>(b) Contingent liabilities</b>		
<b>Claims against the Group not acknowledged as debts</b>		
- Disputed purchase tax levied under Andhra Pradesh Value Added Tax Act, 2005 on purchase of milk	9.51	9.51
- Disputed Input tax credit disallowed under Andhra Pradesh Value Added Tax Act, 2005	4.69	4.69
- Disputed Entry tax levied under Telangana Tax on Entry of Goods into Local Areas Act, 2001 on interstate purchases of certain items	10.34	10.34
- Disputed milk cess levied on installed capacity under the Haryana Murrah Buffalo and other Milch Animal Breed Act, 2001.	10.31	10.31
<b>(c) Guarantees excluding financial guarantees</b>	3.49	4.28

### 43. Leases

The movement in lease liabilities is as follows:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Balance at the beginning of the year	65.49	94.14
Additions during the year	17.01	-
Finance cost accrued during the year	5.86	3.14
Payment of lease liabilities	(43.49)	(31.79)
<b>Lease liabilities at the end of the year</b>	<b>44.87</b>	<b>65.49</b>
Current lease liabilities	22.51	29.40
Non-current lease liabilities	22.36	36.09

The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

Particulars	As at	
	31 March 2021	31 March 2020
Less than one year	26.33	34.61
One to five years	24.32	31.34
More than five years	2.71	6.67
<b>Total</b>	<b>53.36</b>	<b>72.62</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases for the year ended 31 March 2021 was ₹20.77 (31 March 2020: ₹31.39). Leases not yet commenced to which the Group is committed aggregated to ₹Nil as on 31 March 2021.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 44. Disposal of investments in Future Retail Limited and Praxis Home Retail Limited ("PHRL")

During the year ended 31 March 2021, the Holding Company has divested its entire holdings of 17,847,420 equity shares in Future Retail Limited and 892,371 equity shares in Praxis Home Retail Limited. These investments were acquired by the Holding Company pursuant to an arrangement and as a consideration for transfer of demerged retail business to Future Retail Limited. On completion of the mandatory lock-in-period, the aforesaid investments were divested during the current year for an aggregate consideration of ₹1,358.80. Further, a net realised gain of ₹12.14 on disposal of these investments is presented in the Consolidated Statement of Profit and Loss as fair value gain/(loss) on FVTPL securities.

### 45. Research and development expenses

Particulars	For the year ended	
	31 March 2021	31 March 2020
Capital expenditure	11.14	-
Revenue expenditure	1.87	-
<b>Total</b>	<b>13.01</b>	<b>-</b>

### 46. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of information available with the Group. Disclosures in respect of the amounts payable to such parties are given below:

Particulars	As at 31 March 2021	As at 31 March 2020
(i) The principal amount remaining unpaid as at the end of the year.	35.14	53.06
(ii) The amount of interest accrued and remaining unpaid on (i) above.	0.00	0.00
(iii) Amount of interest paid by the Group in terms of Section 16, of the MSMED Act, 2006 along with the amounts of payments made beyond the appointed date during the year.	-	-
(iv) The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
(v) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	0.00	0.00

#### Notes:

- (a) Explanation - The terms 'appointed day', 'buyer', 'enterprise', 'micro enterprise', 'small enterprise' and 'supplier' shall have the same meaning as assigned to them under clauses (b),(d),( e), (h), (m) and (n) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006.
- (b) This information required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the Group. The auditors have placed reliance on the information provided by the management.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 47. Discontinued operations of Heritage Employees Welfare Trust

(i) The financial performance presented below is for the year ended 31 March 2021 and 31 March 2020:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Revenue	2.52	0.88
Expenses	10.01	7.65
<b>Loss before tax from discontinued operations</b>	<b>(7.49)</b>	<b>(6.77)</b>
Tax expense	-	-
<b>Loss for the year from discontinued operations</b>	<b>(7.49)</b>	<b>(6.77)</b>

(ii) The cash flow information for the year ended 31 March 2021 and 31 March 2020 is as follows:

Particulars	For the year ended	
	31 March 2021	31 March 2020
Net cash used in operating activities	(9.42)	(6.63)
Net cash generated from investing activities	-	-
Net cash generated from financing activities	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(9.42)</b>	<b>(6.63)</b>

(iii) Details of carrying values of assets and liabilities classified as held for sale as at 31 March 2021 and 31 March 2020 are as follows:

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Assets</b>		
Cash and cash equivalents	5.15	14.57
Other assets	1.03	1.34
<b>Total assets</b>	<b>6.18</b>	<b>15.91</b>
<b>Liabilities</b>		
Trade payables	1.79	4.03
<b>Total liabilities</b>	<b>1.79</b>	<b>4.03</b>
<b>Net assets</b>	<b>4.39</b>	<b>11.88</b>

### 48. Interest in a material joint venture

- (a) The Group has interest in a single joint venture ("HNFPL"), which, in the opinion of the Holding Company's Board of Directors, is material to the Group. The principal activity of HNFPL is manufacturing and selling of fruit and flavoured yoghurts. The joint venture has share capital consisting solely of equity shares, which are held directly by the Holding Company. The country of incorporation is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. Refer note 39 for further details. Equity shares of the joint venture are unlisted, therefore no quoted price is available.
- (b) The tables below provide summarised financial information about the joint venture. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not the Group's share of those amounts.

(i) Summarised Balance Sheet

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Assets</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	305.62	12.32
Capital work-in-progress	53.90	158.92
Other assets	2.05	0.96
Other non-current assets	13.06	41.86
<b>Total non-current assets</b>	<b>374.63</b>	<b>214.06</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Current assets</b>		
Inventories	5.10	-
Financial assets		
(i) Cash and cash equivalents	39.78	14.01
Other assets	0.65	0.29
Other current assets	7.41	1.01
<b>Total current assets</b>	<b>52.94</b>	<b>15.31</b>
<b>Total assets</b>	<b>427.57</b>	<b>229.37</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
(i) Borrowings	120.22	52.06
(ii) Other financial liabilities	12.26	11.89
Other liabilities	0.51	-
<b>Total non-current liabilities</b>	<b>132.99</b>	<b>63.95</b>
<b>Current liabilities</b>		
Financial liabilities		
(i) Borrowings	0.99	-
(ii) Trade payables	2.68	-
(iii) Other financial liabilities	40.33	12.31
Other liabilities	1.07	0.38
<b>Total current liabilities</b>	<b>45.07</b>	<b>12.69</b>
<b>Net assets</b>	<b>249.51</b>	<b>152.73</b>

### (ii) Summarised Statement of Profit and Loss

Particulars	For the year ended	
	31 March 2021	31 March 2020
<b>Total income</b>	<b>1.17</b>	<b>1.15</b>
<b>Expenses</b>		
Cost of materials consumed	1.26	-
Changes in inventories of finished goods	(0.27)	-
Employee benefits expense	18.56	6.34
Other expenses	18.32	8.41
Others	7.46	0.41
<b>Total expenses</b>	<b>45.33</b>	<b>15.16</b>
<b>Loss before tax</b>	<b>(44.16)</b>	<b>(14.01)</b>
Tax expense	-	-
<b>Loss for the year</b>	<b>(44.16)</b>	<b>(14.01)</b>
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>	<b>(44.16)</b>	<b>(14.01)</b>

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### (c) Reconciliation of carrying amounts

Particulars	As at 31 March 2021	As at 31 March 2020
Opening net assets	152.73	162.70
Equity shares issued during the year	132.60	-
Loss for the year	(44.16)	(14.01)
Other adjustments made directly to equity	8.34	4.04
<b>Closing net assets</b>	<b>249.51</b>	<b>152.73</b>
Group's share in %	50.00%	50.00%
Group's share in closing net assets	124.76	76.37
Other adjustments	4.30	0.13
<b>Carrying amount (refer note 9)</b>	<b>129.06</b>	<b>76.50</b>

### (d) Commitments in respect of a joint venture

	As at 31 March 2021	As at 31 March 2020
Commitment to provide Group's share of funding for joint venture's capital commitments, if called for	0.86	59.04

The joint venture had no contingent liabilities as on 31 March 2021 and 31 March 2020.

## 49. Interest in an immaterial associate

The Group has interest in a single associate ("SKIL"), which, in the opinion of the Holding Company's Board of Directors, is immaterial to the Group. The Group's share in loss after tax and other comprehensive income for the year is ₹0.08 (31 March 2020: ₹0.10) and ₹Nil (31 March 2020: ₹Nil) respectively in respect of such associate.

## 50. Segment reporting

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates the resources based on an analysis of various performance indicators by reportable segments.

The measurement of each segment's revenue, expenses, assets and liabilities is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

The Group has been organised into different verticals based on its products. Three verticals have been identified as reportable operating segments by the Group, which are as follows:

- Dairy vertical: Under this vertical, the Group manufactures and market a complete range of dairy products including fresh milk, curd, butter milk, lassi, ice cream, paneer, table butter, milk powder, flavoured milk, UHT milk, Indian sweets and dairy whitener.
- Renewable energy vertical: Under this vertical, the Group produces power for captive consumption through its solar and wind power plants.
- Feed vertical: Under this vertical, the Group manufactures wide varieties of cattle and fish feeds.

No operating segments have been aggregated to form the above reportable segments.

Segment performance is evaluated based on revenue and earnings before interest and tax and is measured consistently in line with the measurement principles used in the financial statements, except adjustments not made to operating segments on individual basis. The items which are not allocated to individual operating segments are gains or losses on financial instruments, taxes, impairment on financial instruments, finance costs, interest income among others. Refer reconciliation below for further details.

The table below presents segment wise information of revenue, results, assets and liabilities:

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

Particulars	For the year ended and as at 31 March 2021				For the year ended and as at 31 March 2020			
	Segment revenue	Segment results	Segment assets	Segment liabilities	Segment revenue	Segment results	Segment assets	Segment liabilities
Dairy	24,064.96	2,184.94	7,224.73	2,402.23	26,776.74	902.66	6,543.68	4,520.97
Renewable energy	68.83	28.75	577.38	2.73	93.87	44.28	602.71	220.91
Feed	1,215.26	112.34	554.38	188.03	1,038.54	26.83	561.20	280.08
Others	-	(9.10)	-	0.87	17.69	(85.04)	9.86	1.37
Intersegment revenue	(617.92)	-	-	-	(667.80)	-	-	-
Unallocated	-	-	428.62	228.12	-	-	2,164.60	241.36
<b>Total</b>	<b>24,731.13</b>	<b>2,316.93</b>	<b>8,785.11</b>	<b>2,821.98</b>	<b>27,259.04</b>	<b>888.73</b>	<b>9,882.05</b>	<b>5,264.69</b>

Reconciliation of segment results to profit/(loss) before tax from continuing operations:	For the year ended	
	31 March 2021	31 March 2020
Amount as per segment results	2,316.93	888.73
<b>Less:</b>		
Finance costs (refer note 30)	191.80	226.34
Fair value loss on FVTPL securities	48.12	5,116.06
Share of loss of an associate and a joint venture	22.16	9.01
Others	33.72	23.18
	<b>295.80</b>	<b>5,374.59</b>
<b>Add:</b>		
Interest income	4.05	6.80
Fair value gain on derivative liability	-	2,944.89
Dividend income	-	0.40
	<b>4.05</b>	<b>2,952.09</b>
<b>Profit/(loss) before tax from continuing operations</b>	<b>2,025.18</b>	<b>(1,533.77)</b>

### Geographical information

Revenue disaggregation geography wise information has been disclosed under note 25 to the consolidated financial statements. Further 100% of the Group's non-current and current assets as at 31 March 2021 and 31 March 2020 were located in India.

### Major customers

The Group has no single customer who has contributed more than 10% of the Group's total revenue during the year ended 31 March 2021 and 31 March 2020.

## Summary of the significant accounting policies and other explanatory information

(All amounts in ₹ millions, except share data and where otherwise stated)

### 51. Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act

Name of the entity	For the year ended and as at 31 March 2021				For the year ended and as at 31 March 2020			
	Net assets		Share in profit or loss		Net assets		Share in profit or loss	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
<b>Parent Company</b>								
Heritage Foods Limited	99.57%	5,937.64	97.88%	1,451.64	100.13%	4,623.31	94.45%	(1,600.04)
<b>Subsidiary</b>								
Heritage Nutrivet Limited	6.45%	384.41	4.86%	72.12	6.74%	311.06	-0.40%	6.73
<b>Controlled trusts</b>								
Heritage Farmers Welfare Trust	0.01%	0.49	-0.61%	(8.98)	0.21%	9.63	4.97%	(84.11)
Heritage Employee Welfare Trust	0.07%	4.39	-0.51%	(7.49)	0.26%	11.88	0.40%	(6.77)
Non-controlling interest	-0.08%	(4.88)	1.11%	16.47	-0.47%	(21.52)	-5.36%	90.88
<b>Total</b>	<b>106.02%</b>	<b>6,322.05</b>	<b>102.75%</b>	<b>1,523.76</b>	<b>106.87%</b>	<b>4,934.36</b>	<b>94.06%</b>	<b>(1,593.31)</b>
Consolidation adjustments	-6.02%	(358.92)	-2.75%	(40.75)	-6.87%	(317.00)	5.94%	(100.69)
<b>Net amount</b>	<b>100.00%</b>	<b>5,963.13</b>	<b>100.00%</b>	<b>1,483.01</b>	<b>100.00%</b>	<b>4,617.36</b>	<b>100.00%</b>	<b>(1,694.00)</b>

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impacts on elimination of inter-company transactions/profits or (losses)/consolidation adjustments have been disclosed separately. Based on the Group structure, the management is of the view that the above disclosure is appropriate under the requirements of the Act.

### 52. Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either "Nil" or "Not Applicable" has not been furnished.

### 53. Corresponding previous period's figures have been regrouped/reclassified wherever necessary.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
FRN No: 001076N/N500013

**Sanjay Kumar Jain**  
Partner  
M.No. 207660

Place : Hyderabad  
Date : 19 May 2021

For and on behalf of Board of Directors of  
**Heritage Foods Limited**

**N. Bhuvaneshwari**  
Vice Chairperson & Managing Director  
DIN : 00003741

**M Sambasiva Rao**  
President

Place : Hyderabad  
Date : 19 May 2021

**A Prabhakara Naidu**  
Chief Financial Officer  
M.No. FCA 200974

**N Brahmani**  
Executive Director  
DIN : 02338940

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

## Form AOC-1

(pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules 2014)  
Statement containing salient feature of the financial statements of subsidiaries/associate companies/joint ventures

**Part "A" Subsidiaries**

(All amounts in ₹ millions, except share data and where otherwise stated)

S. No	Name of the Subsidiary	The Date since when subsidiary was acquired	Reporting period for the subsidiary concerned if different from the holding company's reporting period	As at							For the Year ended			
				Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before taxation	Provision for taxation (Incl. Deferred Tax)	Profit/(Loss) after Taxation	Proposed Dividend	Extent of Share Holding
1	Heritage Nutrivet Limited	01.12.2008	Reporting period same	37.10	347.31	577.45	193.04	-	1,215.26	97.58	25.46	72.12	-	100
			Reporting period same	37.10	273.96	586.60	275.55	-	1,038.54	7.03	0.30	6.73	-	100

Heritage Foods Limited has given corporate guarantee of Rs. 207.50 Million till 31st March 2021 for the credit facilities availed by its wholly owned subsidiary Company namely M/s. Heritage Nutrivet Limited and the outstanding amount of credit facilities of subsidiary Company as on March 31, 2021 was Rs. 115.61 Million

**Part "B" Associates / Joint Venture**

S. No	Name of the Associate/Joint Venture	Last Audited Balance sheet Date	Date on which the Associate or Joint Venture was associated or acquired	Shares of Associate/ Joint ventures held by the Company on the Year End		Description of how there is significant influence	Reason why the associate/Joint Venture is not consolidated	Net worth attributable to share holding as per latest audited Balance sheet	
				No of Shares	Extent of Holding (%)			Considered in consolidation	Not Considered in consolidation
1	Skill Raigam Power (India) Limited- (Associate)	31.03.2021	2011-12	650000	44.22	NA	NA	5.23	(0.08)
			2011-12	650000	44.83	NA	NA	5.30	(0.12)
2	Heritage Novandie Foods Private Limited - (Joint Venture)*	31.03.2021	2017-18	3485579	50.00	NA	NA	124.76	(22.08)
			2017-18	2280299	50.00	NA	NA	76.36	(7.00)

\* Heritage Foods Limited has given corporate guarantee of Rs. 220 Million as at 31st March 2021 for the credit facilities availed by its Joint Venture Company namely M/s. Heritage Novandie Foods Private Limited and the outstanding amount of credit facilities as on March 31, 2021 was Rs. 149.54 Million

For and on behalf of Board of Directors of  
**Heritage Foods Limited**

**N. Bhuvaneshwari**  
Vice Chairperson & Managing Director  
DIN : 00003741

**N Brahmani**  
Executive Director  
DIN : 02338940

**M Sambasiva Rao**  
President

**A Prabhakara Naidu**  
Chief Financial Officer  
M.No. FCA 200974

**Umakanta Barik**  
Company Secretary &  
Compliance Officer  
M.No. FCS 6317

Place : Hyderabad  
Date : 19 May 2021





## HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332

#6-3-541/C, Panjagutta, Hyderabad - 500 082, Telangana

Tel: 040-23391221/2 | Fax: 040-23318090

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